

Report Highlights

Louisiana Office of Student
Financial Assistance
Eligibility Determination for TOPS

October 2002

Louisiana Legislative Auditor



The Louisiana Office of Student Financial Assistance (LOSFA) administers the state's Tuition Opportunity Program for Students (TOPS). TOPS offers qualified students merit-based tuition assistance to pursue post-secondary education at any eligible Louisiana college. The purpose of TOPS is to provide an incentive for Louisiana residents to academically prepare for and pursue post-secondary education in Louisiana, resulting in an educated workforce that would enable the state to prosper in the global market of the future.

LOSFA is responsible for determining student eligibility and making award payments to colleges on behalf of students. In academic year 2002, LOSFA paid out over \$102 million in TOPS awards for more than 40,000 students, a 71.5% increase since the program's inception in 1997. According to LOSFA officials, LOSFA has made eligibility determinations for nearly 100,000 high school students and processed over 226,000 student grade/hour reports from colleges over a four-year period.

Audit Results

- ◆ LOSFA does not fully verify a student's Louisiana residency or criminal background when determining initial eligibility.
- ◆ LOSFA has audited nearly 50% of the high schools in Louisiana. These audits show that LOSFA does not always receive accurate information from the schools to assist in determining initial eligibility for TOPS. Eighty-two percent of the high schools audited by LOSFA had findings involving either miscalculated grade point averages or core units. While LOSFA auditors only identified 2.8% of the students they sampled as having errors significant enough to change award level, these errors were spread across a large number of the schools audited (approximately one-third of the schools).
- ◆ LOSFA has developed programming that will enable it to receive high school transcript information electronically starting with the graduating class of 2003. This plan will help to alleviate the problems of inaccurate high school student data.
- ◆ LOSFA's compliance auditing function could be improved.
- ◆ Most of the information we reviewed that LOSFA received from colleges in order to assist in determining if students were eligible to continue receiving TOPS was accurate. None of the students in our sample had incorrect information that resulted in an incorrect eligibility determination.
- ◆ Some cumulative grade point averages from colleges were not accurate because they did not include all classes from all post-secondary institutions in which a student had earned a grade, as required by state law and program rules. In particular, some colleges did not send LOSFA cumulative grade point averages that included all transfer or repeated classes. LOSFA will implement a plan beginning in the Fall 2002 semester that should help alleviate this problem.

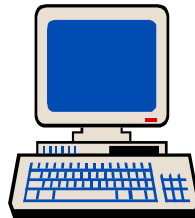
Daniel G. Kyle,
Ph.D., CPA, CFE

Legislative
Auditor

**DOES LOSFA RECEIVE ACCURATE
INFORMATION FROM HIGH SCHOOLS
TO ASSIST IN DETERMINING INITIAL ELIGIBILITY
AND TO ENSURE THAT QUALIFIED STUDENTS RECEIVE
TOPS AWARDS?**

What We Found

- ➡ **LOSFA does not fully verify all initial eligibility requirements.** LOSFA relies on the fact that parents must certify, subject to the prescribed penalties in the Free Application for Federal Aid (FAFSA) application, that they are Louisiana residents and the length of time they have been residents. LOSFA also verifies residency using the high school code listed on the ACT application and the certification by the high school. However, this certification does not verify that the student's parents have lived in Louisiana for the 24 months before the student's graduation date. LOSFA also relies on self-reported information from the FAFSA to verify criminal convictions. LOSFA also relies on the fact that students are informed that accepting a TOPS award is their certification that they do not have a criminal conviction.
- ➡ **Many high schools submit incorrect student information to LOSFA.** Between September 1998 and June 2002, LOSFA audited nearly half (215) of the state's 464 high schools to determine the accuracy of student information.
 - ➔ Eighty-two percent of the audits had findings involving either miscalculated grade point averages and/or core units.
 - ➔ While LOSFA auditors only identified 2.8% of the students they sampled as having errors significant enough to change award level, these errors were spread across a large number of the schools audited (approximately one-third of the schools).
 - ➔ More than 50% of the high schools audited had findings related to miscalculated grade point averages. For 40% of these schools, these miscalculations resulted in a change in award level or status.



LOSFA has developed programming that enables it to receive high school transcript information electronically, beginning with the graduating class of 2003. This plan will shift the responsibility of calculating grade point average from high schools to

LOSFA and will help to alleviate the problem of inaccurate student data.

- ➡ **High schools are not held accountable for submitting incorrect data.** Forty-three students were certified by high schools as eligible for TOPS awards but later found by LOSFA audits to be ineligible. LOSFA paid out over \$73,000 in award monies to these ineligible students. Program rules provide that a high school shall reimburse the Louisiana Student Financial Assistance Commission (LASFAC) for TOPS awards when a student is found to be incorrectly certified by a high school. However, this rule is not enforced by LASFAC and no monies have been reimbursed.
- ➡ **LOSFA's compliance auditing function could be improved.** LOSFA could improve its audits by:
 - ➔ Developing a system to select schools to audit based on risk
 - ➔ Tracking the number of students found ineligible as a result of audits
 - ➔ Including the final disposition of audits in its audit reports
 - ➔ Quantifying the savings resulting from audits

Recommendations


- ✓ LASFAC should ensure that Louisiana residency and criminal conviction eligibility requirements are completely verified.
- ✓ LASFAC should work with the Board of Elementary and Secondary Education (BESE) to create an alternative rule to hold high schools that incorrectly certify graduates accountable if LOSFA is not going to enforce its current rule requiring those schools to reimburse LASFAC for the amount of the TOPS award for those students.
- ✓ LASFAC should work with BESE to require high school personnel, who are responsible for certifying TOPS students, to attend LOSFA's annual training and workshops.
- ✓ LOSFA auditors should develop a risk-based approach in selecting high schools to audit.

- ✓ LOSFA should compile a more accurate, complete, and functional database to track student requests for exceptions to LASFAC. The current exceptions database does not clearly identify the current status of a request for exception nor does it appear to be complete.
- ✓ LOSFA auditors should update high school audit reports based on the high school's written response to reflect the final disposition of the audit.
- ✓ LOSFA should require high schools to respond to audit findings within the prescribed period.
- ✓ LOSFA should track the cost savings to the state realized from its audit findings, as well as the potential cost savings not realized (the dollar amount of funds that would not have been expended if an ineligible student had been identified earlier).

**DOES LOSFA RECEIVE ACCURATE
INFORMATION FROM COLLEGES TO ENSURE THAT
ONLY QUALIFIED POST-SECONDARY STUDENTS
RETAIN THEIR TOPS AWARDS?**

What We Found

We found that software developed by LOSFA accurately received the eligibility information sent by colleges. While most of the information we reviewed that colleges sent was accurate, some colleges did not send information on all classes taken as required by state law and program rules. None of the students in our sample had incorrect information that resulted in an incorrect eligibility determination.

- ➡ **Some colleges do not submit information on transfer credits to LOSFA.** In our sample of seven colleges, two private schools did not accept transfer credits below a C. In addition, these two private schools had not been reporting the grades for any transfer classes to LOSFA. By omitting the grades for transfer classes, LOSFA was not basing eligibility determinations on all classes for which a student has gotten a grade. We did find that one of the two private schools started submitting grades for transfer classes to LOSFA for the Fall 2001 semester.
- ➡ **The manner in which some colleges report repeat courses to LOSFA is inconsistent with program rules.** TOPS rules require that all courses attempted be included in cumulative grade point average. However, three of the colleges we examined allow students to repeat courses and have the prior grade deleted from their transcript. These colleges then reported the cumulative grade point averages to LOSFA with the grades deleted. Nearly 31% of the TOPS students we reviewed at these three colleges repeated courses and had prior grades deleted. Therefore, LOSFA is making eligibility decisions based on cumulative grade point averages that are not calculated uniformly by colleges. 
- ➡ **Colleges are not sending updated information to LOSFA.** When a change occurs in a student's hours or grades, the college is required to submit updated information to LOSFA. Six of the seven colleges we sampled do not submit updated information; therefore, LOSFA cannot determine if the student is still eligible for TOPS.
- ➡ **Errors are a problem for a college that manually submits data to LOSFA.** One college that manually submits information to LOSFA had a 15% error rate. In contrast, Louisiana State University (LSU) uses an automated system to collect and transmit TOPS data. LSU was the only one of the seven schools that we reviewed to have no discrepancies or errors in the cumulative grade point average and hour data sent to LOSFA that we reviewed.
- ➡ **LOSFA's plan should improve discrepancies in reporting by colleges.** LOSFA will implement a plan that would require colleges to report specific grade information directly to LOSFA. This plan would shift the responsibility of calculating cumulative grade point average from the college to LOSFA and help eliminate problems associated with inconsistencies in college policies.
- ➡ **LOSFA does not notify colleges of all errors in the data it receives.** LOSFA manually evaluates data errors and contacts colleges. However, when LOSFA finds errors in "peripheral data," it usually does not contact the college. Examples of peripheral data include semester or term and type of degree.

Recommendations

- ✓ LOSFA should ensure that it bases eligibility determinations on the cumulative grade point average of all classes a student attempted as required by state statute and program rules. LOSFA can address this recommendation by implementing its plan to require colleges to submit information that would allow LOSFA to calculate the students' cumulative grade point averages. Basing eligibility determinations on accurate grade point averages could also be accomplished by requiring colleges to submit student grade information on all classes in which a student received a grade, including grades from previous post-secondary institutions.
- ✓ LOSFA should identify those colleges that manually collect grade information and review their processes in order to ensure the accuracy of the data that those institutions submit to LOSFA.
- ✓ When data files transmitted from colleges to LOSFA are found to contain errors that prevent automated processing, LOSFA should consistently provide the colleges with feedback concerning the nature of those errors as well as the remedy for them. This feedback will ultimately improve both the accuracy of LOSFA's data as well as the efficiency of LOSFA's data collection processes.
- ✓ If LOSFA intends for non-academic and academic grades to not be combined when calculating cumulative grade point averages, LOSFA should amend its rules to clarify this issue.
- ✓ Since LOSFA's intentions in regard to the academic, non-academic issue are not clearly stated in TOPS rules, LOSFA should clearly communicate any changes in rules to both colleges and students.

Louisiana Legislative Auditor

1600 N. 3rd Street
P.O. Box 94397
Baton Rouge, LA
70804-9397

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STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Louisiana Office of Student Financial Assistance
Tuition Opportunity Program for Students (TOPS)
Review of Student Eligibility**

October 2002



Performance Audit

**Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor**

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**Louisiana Office of Student Financial Assistance
Tuition Opportunity Program
for Students (TOPS)
Review of Student Eligibility**

October 2002



**Performance Audit
Office of the Legislative Auditor
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor**

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

October 23, 2002

The Honorable John J. Hainkel, Jr.,
President of the Senate
The Honorable Charles W. DeWitt, Jr.,
Speaker of the House of Representatives

Dear Senator Hainkel and Representative DeWitt:

This report gives the results of our performance audit of the Louisiana Office of Student Financial Assistance - Tuition Opportunity Program for Students. The audit was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended.

This performance audit report contains our findings, conclusions, and recommendations. Appendix D contains the response from the Louisiana Office of Student Financial Assistance. I hope this report will benefit you in your legislative decision-making process.

Sincerely,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK/ss

[LOSFA02]



Office of Legislative Auditor

Performance Audit Louisiana Office of Student Financial Assistance Tuition Opportunity Program for Students (TOPS) Review of Student Eligibility Executive Summary

The Louisiana Office of Student Financial Assistance (LOSFA) administers the state's Tuition Opportunity Program for Students (TOPS). TOPS offers qualified students merit-based tuition assistance to pursue post-secondary education at any eligible Louisiana college. LOSFA is responsible for determining student eligibility and making award payments.

This audit focused on LOSFA's ability to determine initial and continuing eligibility of students for TOPS awards based on information received from high schools and colleges. The results of this performance audit are as follows:

LOSFA Does Not Fully Verify All Initial Eligibility Requirements *(See pages 13 through 16 of the report.)*

- LOSFA does not fully verify whether TOPS applicants are actually Louisiana residents, and a complete criminal background check on TOPS applicants is not performed.

Many High Schools Submit Inaccurate Student Data *(See pages 16 through 20 of the report.)*

- LOSFA has performed audits on nearly 50% of the high schools in Louisiana. These audits show that LOSFA does not always receive accurate information from high schools to assist in determining initial eligibility.
- Eighty-two percent of LOSFA's 215 high school audits had findings of noncompliance with state statutes and/or TOPS program rules regarding grade point averages and core curriculum. Over one-third of the audits had findings significant enough to question or change the award level of the student.
- While LOSFA auditors only identified 2.8% of the students they sampled as having errors significant enough to change award level, these errors were spread across a large number of schools audited. Approximately one-third of the high schools LOSFA audited had at least one student with an error significant enough to change award level.
- LOSFA has developed programming that will enable it to receive high school transcript information electronically from high schools on core curriculum courses, starting with the graduating class of 2003. This plan will help to alleviate the problem of inaccurate student data.

LOSFA's Audit Function Could Be Improved *(See pages 20 through 22 of the report.)*

- With only three internal auditors and 464 high schools to audit, LOSFA could benefit from selecting schools to audit using a risk-based approach.
- The final disposition of audits is not reflected in LOSFA's high school audit reports. The high school's response to the audit finding and the final outcome of the finding are not incorporated into the report.

Not All Colleges Report Complete Information to LOSFA *(See pages 25 through 27 of the report.)*

- Most of the information we reviewed that LOSFA received from colleges to assist in determining if students were eligible to continue receiving TOPS was accurate. None of the students in our sample had incorrect information that resulted in an incorrect eligibility determination. As a result, LOSFA correctly determined the eligibility of all of the college students in our sample.
- Some cumulative grade point averages from colleges were not accurate because they did not include all classes from all post-secondary institutions in which a student had earned a grade, as required by state law and program rules. In particular, some colleges did not send LOSFA cumulative grade point averages that included all transfer classes or repeated classes.
- As a result of some colleges sending cumulative grade point averages that exclude some transfer and/or repeated classes, LOSFA is making eligibility decisions for some students based on cumulative grade point averages that colleges calculated inconsistently.
- LOSFA will implement a plan beginning in the Fall 2002 semester that should help to alleviate the problems it experiences in receiving accurate data from colleges. The plan requires colleges to report specific grade information directly to LOSFA, which would allow LOSFA to calculate students' cumulative hours and grade point averages, instead of LOSFA relying on the colleges to do this.

Introduction

Audit Initiation and Objectives

We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. In accordance with these statutes, the Office of the Legislative Auditor scheduled a performance audit of the Tuition Opportunity Program for Students (TOPS), administered by the Louisiana Office of Student Financial Assistance (LOSFA) under the direction of the Louisiana Student Financial Assistance Commission (LASFAC). This audit was approved by the Legislative Audit Advisory Council in August 1999.

We focused our audit on TOPS administered by the Office of Student Financial Assistance. Specifically, we concentrated our efforts on the area of student eligibility determination. Appendix A describes the scope and methodology for this audit. The audit objectives were to answer the following:

- **Is LOSFA receiving accurate information from high schools to assist in determining initial eligibility and to ensure that all high school students approved for TOPS awards were qualified and that no qualified students were denied TOPS awards?**
- **Is LOSFA receiving accurate information from post-secondary institutions to assist in determining continuing eligibility and to ensure that all post-secondary students retaining TOPS awards were qualified to retain them and that no qualified students lost the awards?**

Agency Overview

Louisiana Revised Statute (R.S.) 36:650 establishes the Louisiana Office of Student Financial Assistance (LOSFA). The oversight body of LOSFA is the Louisiana Student Financial Assistance Commission (LASFAC). LOSFA is responsible for administering state and federal post-secondary student scholarship, grant, and loan programs. For fiscal year 2003, LOSFA has 163 authorized positions and a budget of \$136 million. Each of the office's four programs and a brief description of its functions are listed below:

- **Administration/Support Services:** Provides administration of federal and state authorized financial aid programs
- **Loan Operations:** Provides financial assistance for residents by guaranteeing loans to participating lenders, which includes both federally funded and state programs
- **Scholarships/Grants:** Administers the Paul Douglas Scholarships, Leveraging Educational Assistance Partnership, T.H. Harris Scholarships, Rockefeller Refuge Trust and Protection Fund Scholarships, and the Student Tuition Assistance and Revenue Trust (START) Program

- **TOPS Tuition Program:** Provides merit based scholarships that include the Tech Award, Opportunity Award, Performance Award, Honors Award, and Teachers Award (no new awards for Teacher Awards; only pays existing awards)

We focused our performance audit on the TOPS Tuition Program and its functions. As shown in Exhibit 1, the funding for the TOPS Tuition Program accounts for approximately 69% of the entire budget for LOSFA. There are no authorized positions for this program and the funding is used only to provide payment to TOPS eligible students. Staff in the Administration/Support Services and Scholarships/Grants programs do the work of this program. LOSFA estimates that the amount of hours staff work on TOPS and other scholarship and grant programs is equivalent to 28 full-time positions. The other scholarship and grant programs include the LEAP and Rockefeller scholarships; however, according to an agency official, the majority of time is spent working on TOPS.

Exhibit 1 LOSFA Fiscal Year 2003 Budget As of July 1, 2002		
Programs	Fiscal Year 2003 Appropriations	Fiscal Year 2003 Authorized Positions
Administration/Support Services	\$5,307,745	79
Loan Operations	33,068,855	68
Scholarships/Grants	3,629,817	16
TOPS Tuition Program	93,945,360	0
TOTAL	\$135,951,777	163
Source: Prepared by legislative auditor's staff using information from the Office of Planning and Budget in the Division of Administration.		

LOSFA administers the TOPS program by determining students' eligibility and making payments to colleges on behalf of eligible students based on information it receives from high schools, colleges, and universities. LOSFA makes eligibility determinations based on Louisiana statutes and rules promulgated by its commission (LASFAC).

LOSFA created and maintains its own software to collect information from high schools, colleges, and universities. According to LOSFA, it has enhanced the software over time to incorporate the changes made by 16 separate acts of the legislature. Information provided by LOSFA shows that since the inception of TOPS, it has received the certifications from high schools of grades and core courses on 99,726 students. Of these certifications, 86,353 were determined eligible, having met all statutory and regulatory requirements for the award. LOSFA has received 226,468 student grade/hour reports from colleges on students that were awarded TOPS.

Tuition Opportunity Program for Students (TOPS) Overview

Statutory Authority

Act 1375 of the 1997 Regular Session created TOPS and provided that no new awards would be granted for two existing programs, the Tuition Assistance Plan and the Louisiana Honors Scholarship Program. TOPS contains many similar provisions of the two discontinued programs. However, the main differences are that the TOPS program is strictly a merit based program, with no income limits, that includes private colleges and establishes several new award levels.

Summary of Program

The purpose of the TOPS program is to provide an incentive for Louisiana residents to academically prepare for and pursue post-secondary education in Louisiana, resulting in an educated work force enabling Louisiana to prosper in the global market of the future. TOPS seeks to accomplish this by providing a comprehensive merit-based student aid program. The program provides tuition assistance to students who meet certain eligibility requirements and are enrolled on a full-time basis in any eligible Louisiana college or university, hereafter referred to as "college." An eligible college includes public colleges and universities (including vocational and technical colleges) or regionally accredited independent universities or colleges that are members of the Louisiana Association of Independent Colleges and Universities. Students in vocational and technical programs may receive an award that is referred to as TOPS Tech.

Entities Involved in TOPS

At least four entities have responsibilities related to TOPS. These entities are LASFAC, LOSFA, Board of Regents, and Board of Elementary and Secondary Education (BESE). LASFAC sets program rules. LOSFA is responsible for the administration of TOPS. LOSFA determines student eligibility by collecting information from several sources, including high schools and colleges, and makes payments to schools on behalf of eligible students. BESE assists LOSFA with setting rules and provides information to help with the initial eligibility determination of TOPS students. While LOSFA administers the program, it does not report on the effectiveness of the TOPS program. The Board of Regents is the entity responsible for reporting on the effectiveness of TOPS and accomplishes this by collecting information on TOPS students from several sources, including LOSFA and colleges.

TOPS Eligibility

The TOPS program consists of four different levels of award, which are based on a student's high school GPA, ACT score, curriculum, and other statutory requirements. Exhibit 2 on the following page summarizes the different awards a student can receive. Once a student enters a college or university, the student must meet certain academic standards to keep the TOPS award. Appendix B contains a detailed listing of eligibility requirements to receive and maintain TOPS for each award type.

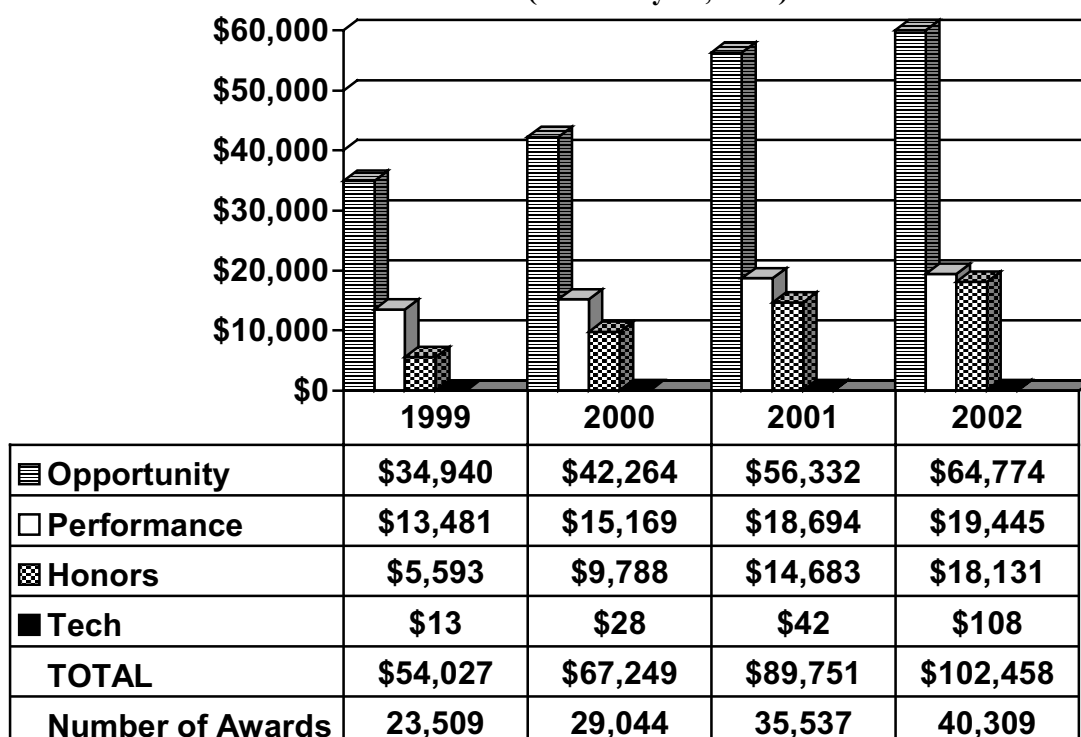
Exhibit 2 Maximum Award and Minimum Eligibility Requirements for Each TOPS Award Type As of July 1, 2002			
Award Type	Maximum Award*	High School GPA Required	Minimum ACT Score Required
TOPS Tech	Tuition Assistance	2.5	17
Opportunity	Tuition Assistance	2.5	Prior Year State Average (Currently 20)
Performance	Tuition Assistance and \$400 stipend per year	3.5	23
Honors	Tuition Assistance and \$800 stipend per year	3.5	27
Source: Prepared by legislative auditor's staff using information from the Office of Student Financial Assistance. Note: There are exceptions to the GPA and ACT requirements in certain situations. See Appendix B for more details.			

TOPS Payments for Students

Tuition assistance at public schools constitutes tuition and certain fees. Tuition at eligible private colleges for the TOPS Tech award is equal to the average of awards paid for students attending public post-secondary schools that provide skills or occupational training that do not award baccalaureate degrees. For all other TOPS awards at private colleges, payment is equal to the weighted average of tuition of public baccalaureate degree-granting schools.

LOSFA has paid approximately \$313 million for TOPS students during the four academic years that the program has been in existence. The amount of payments and number of awards for each type of award have increased each year since the beginning of TOPS. Payments for students in academic year 1998-99, the first year of the program, were only \$54 million for 23,509 students. Payments in academic year 2001-2002 totaled \$102 million for 40,309 students. See Exhibit 3 on the following page for details of payments made for TOPS students by award type for all four years of the program.

Exhibit 3
TOPS Payments by Award Type
(in Thousands)
Academic Years 1999-2002
(As of May 30, 2002)



Source: Prepared by legislative auditor's staff using information provided by the Office of Student Financial Assistance.

*Opportunity and Performance awards include award payments for prior TAP and Louisiana Honors recipients.

The Opportunity Award is by far the largest category of TOPS award with nearly 28,000 awards in Academic Year 2002, as shown in Exhibit 4 on the following page. In contrast, there were only 147 TOPS Tech Awards in Academic Year 2002. Each of the TOPS award types has shown an increase in the number of awards each year that the program has been in existence. The total number of awards has increased by 71% since the beginning of TOPS. Note that the Opportunity and Performance award totals include payments for prior TAP and Louisiana Honors recipients.

The TOPS Tech award has experienced the most growth of the awards, but this growth is attributed to the small number of awards, the lowering of the ACT eligibility requirement, and changing the core curriculum. Of the other award types, the Honor Award (the highest category of award based on academic achievement) has shown the most growth by increasing nearly 200% from Academic Years 1998-2002. The Opportunity award has increased by approximately 67% during the four academic years of the program's existence. While all of types of awards have shown increase in the number of awards each year, the rate of increase of these awards slowed significantly in Academic Year 2002 for all award types except for TOPS Tech. In other words, the number of awards is still increasing, but not by as much as it has in past years.

Beginning with the 2002-2003 school year, award payments were made to four graduating high school classes (1999, 2000, 2001, and 2002). Therefore, when current TOPS recipients have completed their eligibility after four years, a new freshman class of TOPS recipients will replace them, keeping the numbers somewhat constant. In addition, prior TAP and Louisiana Honors Scholarship program recipients who were grandfathered into TOPS have graduated or completed their eligibility. LOSFA officials also believe there may be a reduction in the number of awards for 2003 graduates because of a change in state law that requires calculation of grade point average using only core curriculum courses.

Exhibit 4 Number of TOPS Awards by Award Type Academic Years 1999-2002					
Type of Award	Number and % Increase of Awards by Academic Year				% Change From 1998-1999 to 2001-2002
	1998-1999	1999-2000	2000-2001	2001-2002	
Opportunity	16,568	20,075 (21%)	24,406 (22%)	27,829 (14%)	67.9%
Performance	5,108	5,785 (13%)	6,647 (15%)	6,937 (4%)	35.8%
Honors	1,809	3,131 (72%)	4,425 (41%)	5,396 (42%)	198.3%
Tech	24	53 (121%)	59 (11%)	147 (149%)	512.5%
Total Awards	23,509	29,044	35,537	40,309	71.5%
Source: Prepared by legislative auditor's staff using information provided by the Louisiana Office of Student Financial Assistance.					
Note: Opportunity and Performance Awards include prior TAP and Louisiana Honors recipients.					

Determining the Effectiveness of the TOPS Program

The first report on the performance of TOPS students will not be issued until 2003 when the Board of Regents issues its first report as required by R.S. 17:3048.3. This statute requires the Board of Regents to develop and implement a uniform TOPS information reporting system for the purposes of policy analysis and program evaluation, and for providing accurate data and statistics. The statute requires the Board of Regents to report certain statistics that show the academic achievement of TOPS students, such as the following:

- Rate of retention of awards by students as they progress from semester to semester or other equivalent periods of time
- Persistence rates at colleges of freshman, sophomore, junior, and senior students receiving TOPS awards
- Graduation rates
- Mean length of time required to graduate
- Percent of high school graduates by high school and parish who apply for an award and enroll in a college or university

R.S. 17:3048.3 also requires a statistical analysis of the grades TOPS students earned in high school correlated with their ACT scores.

While the first report from the Board of Regents will show if TOPS students are prepared for post-secondary education, it will not explain the reasons for the results. To improve the performance of TOPS students, the Board of Regents needs to determine why TOPS students do or do not perform well during post-secondary education. To accomplish this, the Board of Regents will have to compare students' post-secondary academic achievement to the academic achievement in the core high school classes required to qualify for TOPS. For example, comparing TOPS students' grades in college math to the grades the students received in the core high school math classes required by TOPS will help to determine if those core high school classes are working to prepare students for college math. This comparison will also show the Board of Regents if certain high schools or parishes are not preparing students for post-secondary education.

According to representatives from the Board of Regents, although these comparisons are not required by R.S. 17:3048.3, they expect to perform these types of comparisons in the future. To perform the comparison, high school student transcripts must be readily accessible in an electronic format. The state Department of Education has a plan to collect high school transcripts electronically, directly from the school districts through a project called the Louisiana Educational Accountability Data System (LEADS). However, LEADS will not start collecting the data needed for the comparison until 2005; therefore, these comparisons cannot be made for several years.

Performing these comparisons will help the Board of Regents work with the Department of Education and LASFAC to improve the core courses in high school to best prepare the students for post-secondary education. It will also allow the Board of Regents to identify particular high schools that are not teaching effectively.

Issues for Further Study

This section contains important issues that were identified during this audit but were not within the scope of the audit. Future audits or studies should be conducted to address these concerns.

- As discussed in the introduction of the report, the Board of Regents will issue its first report on the performance of TOPS students in 2003. However, the report will not include an analysis of the causes associated with performance. The data to conduct this type of analysis will not be available until 2005, assuming that the LEADS project continues and is completed on schedule. Therefore, a complete reporting on the effectiveness of TOPS that includes the reasons for the success or failure of TOPS students will not be available for several years.
- During our fieldwork, we observed that some colleges and institutions do not request timely reimbursement for TOPS students from LOSFA. Colleges and universities can bill LOSFA for TOPS students as early as after the 14th class day of the semester. In some cases, we found that institutions were waiting months after the semester started to bill LOSFA.
- During our fieldwork, we identified several TOPS students at Southern University who did not have their TOPS stipend put into their university accounts. Neither our auditors nor employees of Southern University could readily determine why these students did not receive their stipend awards.
- The purpose of TOPS included in program rules is to provide an incentive for Louisiana residents to academically prepare for and pursue post-secondary education in Louisiana, resulting in an educated work force enabling Louisiana to prosper in the global market of the future. However, during this audit, we identified several provisions in state law that exclude certain students from ever receiving a TOPS award. A study could be conducted to determine if these exclusions are contrary to the purpose of the TOPS program.
 1. State law provides penalties for students filing the application up to 120 days after the deadline of July 1. R.S. 17:3048.1 (C)(2)(g)(i) states that LOSFA shall provide rules permitting it to receive and consider applications for an initial or continued award that is received after the July 1 deadline but not more than 120 days after the deadline; therefore, students that file an initial application for TOPS more than 120 days after the deadline in the year they graduate from high school are permanently prohibited from ever receiving TOPS, even if they meet all other eligibility requirements (such as grade point average and ACT score).

2. R.S. 17:3048.1 sections (A)(1)(b)(1),(c)(1), and (d)(1) state that students must enroll in an eligible college or university as a first-time freshman not later than the semester, excluding summer semesters or sessions, immediately following the first anniversary of the date that the student graduated from high school. This provision permanently prohibits students who meet all other eligibility requirements but attend college in another state and return to Louisiana.
3. R.S. 17:3048.1 sections (A)(1)(b)(1),(c)(1), and (d)(1) state that students must have graduated from a public or nonpublic high school which has been approved by the state Board of Elementary and Secondary Education. Therefore, students who receive GEDs instead of high school diplomas, but meet all other eligibility requirements, are permanently prohibited from receiving TOPS.

Initial Eligibility

Is the Louisiana Office of Student Financial Assistance (LOSFA) receiving accurate information from high schools to assist in determining initial eligibility and to ensure that all high school students approved for TOPS awards were qualified and that no qualified students were denied TOPS awards?

LOSFA developed software to collect information from high schools to assist in determining initial eligibility; however, the high schools do not always send accurate information to LOSFA. Through its audits, LOSFA has identified many high schools that are certifying incorrect grade point averages, core curriculum requirements, and tech core units. Some of these errors affect students' award level. LOSFA auditors identified 186 students (2.8%) out of the 6,549 sampled that had errors significant enough to affect their award level. While the percentage of students audited that had errors significant enough to change award level was only 2.8%, these students were spread across a large number of the schools audited. Approximately one-third of the high schools (71) audited had at least one student with an error significant enough to change award level. In addition, LOSFA does not completely verify the eligibility requirements of Louisiana residency and that recipients do not have a criminal conviction.

LOSFA has a plan to help alleviate the problems it experiences in receiving accurate data from high schools. LOSFA has developed programming that will enable it to receive high school transcript information electronically from high schools on core curriculum courses, starting with the graduating class of 2003. This new programming will shift the responsibility of computing grade point averages from high schools to LOSFA.

We also found that LOSFA'S internal audit function could be improved to ensure that high schools are submitting accurate information. LOSFA's three internal auditors do not always use a risk-based approach to select high schools for audit. Finally, LOSFA does not enforce its policy to recoup TOPS funds in instances where high schools incorrectly certified information for potential TOPS recipients. Therefore, high schools are not held accountable for providing inaccurate data to LOSFA.

Recommendation 1: LASFAC should ensure that Louisiana residency and criminal conviction eligibility requirements are completely verified.

Summary of LOSFA Response: LOSFA can only agree with this recommendation under the assumption that time, cost and burden on applicants are not factors to be considered. LOSFA maintains that the checks currently in place are cost-effective and achieve a reasonable degree of certainty that an applicant for TOPS meets the residency and criminal conviction eligibility requirements contained in law.

Recommendation 2: LASFAC should work with the Board of Elementary and Secondary Education (BESE) to create an alternative rule to hold high schools that incorrectly certify graduates accountable if LOSFA is not going to enforce its current rule requiring those schools to reimburse LASFAC for the amount of the TOPS award for those students.

Summary of LOSFA Response: LOSFA agrees with the recommendation.

Although LASFAC has promulgated the rule that requires a principal to certify that the school will make a reimbursement under these circumstances, the LASFAC has directed LOSFA not to implement the reimbursement provision because the rule is not supported in the TOPS statute, the rule is vague, and the rule does not include language making reimbursement mandatory (note that the rule only requires a certification – there is no reimbursement requirement).

Recommendation 3: LASFAC should work with BESE to require high school personnel, who are responsible for certifying TOPS students, to attend LOSFA's annual training and workshops.

Summary of LOSFA Response: LOSFA agrees that educating high school personnel about their responsibilities to students and the TOPS program is essential. The agency will continue to encourage BESE, as well as local school boards, to require attendance at training workshops.

Recommendation 4: LOSFA auditors should develop a risk-based approach in selecting high schools to audit.

Summary of LOSFA Response: LOSFA agrees that risk-based selection of high schools for audit is desirable. Many of the audits to date have been conducted on this basis. Generally, priority of audits was assigned to schools that had a large number of students qualifying for TOPS and those at which LOSFA's investigation of student complaints revealed errors in certification.

Recommendation 5: LOSFA should compile a more accurate, complete and functional database to track student requests for exceptions to LASFAC. The current exceptions database does not clearly identify the current status of a request for exception nor does it appear to be complete.

Summary of LOSFA Response: LOSFA agrees that its current "exceptions" database could be made more useful and accurate. LOSFA is adding queries and reports to the TOPS Exceptions database program, created in Microsoft Access, to increase its utility in tracking requests and assigning appropriate status codes, as well as decreasing the time elapsed between the student's request and notification of committee or LASFAC action. Additionally, LOSFA is converting a Word Perfect file, which was the first generation compilation of exception requests, into the current database. The shortcoming referenced in the audit report has been in uploading data from an earlier database to the

new Access file. The “exceptions” file provided to the Legislative auditors was an early version of the new Access database that did not incorporate the original Word Perfect file.

Recommendation 6: LOSFA auditors should update high school audit reports based on the high school’s written response to reflect the final disposition of the audit.

Summary of LOSFA Response: LOSFA agrees with the recommendation and has amended its audit procedures to reflect that the initial report will not become final until the school responds or the deadline for submission of a response passes without response. Responses received prior to the deadline will become part of the report.

Recommendation 7: LOSFA should require high schools to respond to audit findings within the prescribed period.

Summary of LOSFA Response: LOSFA requires the schools to respond within 20 days. However, LOSFA has allowed some high schools additional time. In the past, LOSFA advised schools that if their response was not received within 20 days, LOSFA considered the lack of response an agreement with the findings and the audit was closed. LOSFA has reinstated this practice.

Recommendation 8: LOSFA should track the cost savings to the state realized from its audit findings, as well as the potential cost savings not realized (the dollar amount of funds that would not have been expended if an ineligible student had been identified earlier).

Summary of LOSFA Response: LOSFA agrees. The state may realize a cost savings from some audit findings and there may be cost savings not realized if an audit is not performed. The high school audit tracking worksheets will be updated to capture the cost savings (realized and potential, had we been able to audit sooner). LOSFA suggests reporting the actual dollar savings on the General Performance Table of the Executive Budget Supporting Document. This table is used to display actual information for past years.

LOSFA Does Not Fully Verify All Initial Eligibility Requirements

Initial eligibility requirements are set forth in R.S. 17:3048.1 through 3048.2. LOSFA uses the initial eligibility requirements to determine if a student may be eligible to receive a TOPS award. Exhibit 5 on the following page provides a list of the general eligibility requirements and shows the methods used by LOSFA to verify these requirements. A detailed listing of these requirements can be found in Appendix C.

Exhibit 5 Initial Eligibility Requirements and LOSFA Verification Methods	
Initial Eligibility Requirement	How LOSFA Verifies Requirement
File Free Application for Federal Student Aid (FAFSA)	Federal Processor provides FAFSA information.
Louisiana Residency	U.S. Department of Education provides information on students who certify to Louisiana residency on FAFSA.
U.S. Citizenship	U.S. Department of Education (through FAFSA) checks citizenship with Social Security Administration and, if necessary, against Immigration and Naturalization Services records.
BESE-Approved High School	High school code on ACT tape is matched against list of BESE approved schools.
High School GPA	Certified by high school
Core Curriculum	Certified by high school
ACT Score	ACT, Inc., provides test results.
First-Time Full-Time Freshman	College certifies that student has enrolled for the first time as a full-time, post-secondary student.
Meets Full-Time Enrollment Deadline	College certifies date that student enrolled, and LOSFA compares date to high school graduation date.
Criminal Conviction	U.S. Department of Education (through FAFSA) checks for drug convictions only if student answers "do not know" or "yes" or leaves a blank on the question related to convictions.
Source: Prepared by legislative auditor's staff using R.S. 17:3048.1-2 and information provided by the Office of Student Financial Assistance.	
Note: See Appendix C for a chart that gives details of each requirement and exceptions.	

LOSFA uses a variety of sources to verify eligibility requirements, including information collected on the TOPS application and the ACT application. Because TOPS statutes include a requirement to apply for federal grant aid, LOSFA uses the Free Application for Federal Student Aid (FAFSA), which is processed by the U.S. Department of Education, along with the application for the ACT, as the application for TOPS. By using the FAFSA and ACT applications, LOSFA does not need to have a separate application form for TOPS. LOSFA

simply collects the information from the FAFSA and ACT applications electronically and then uses the information to electronically determine eligibility. According to LOSFA, this process results in direct savings to the state and maximizes the amount of federal funds being received by students to cover their cost of attendance in college.

LOSFA relies on the U.S. Department of Education to accurately gather, verify, and report data on Louisiana residency, citizenship, social security number, and criminal convictions for TOPS applicants. The individual filling out the FAFSA (either parent(s) or student) must certify that the information provided is correct to the best of their knowledge, under threat of financial and/or criminal penalty. The use of the FAFSA and ACT information as a TOPS application results in LOSFA not having to verify these criteria and makes use of the federal government checks already in place for federal financial aid programs. However, we identified some situations in which relying on the U.S. Department of Education for the information could lead to problems.

LOSFA does not fully verify whether TOPS applicants are actually Louisiana residents. LOSFA receives information for all FAFSA applications that have Louisiana listed as the student's residency. However, neither the U.S. Department of Education nor LOSFA verifies that the applicant is actually a Louisiana resident. LOSFA relies on the fact that parents must certify, subject to the prescribed penalties in the FAFSA application, that they are Louisiana residents and the length of time they have been residents. In addition, if the applicant or the U.S. Department of Education makes a mistake and puts "IA" or some other incorrect state abbreviation, the student's FAFSA may not be received by LOSFA and the student may be declared ineligible for TOPS until the problem is resolved.

LOSFA officials state that all students who report parents who reside outside of Louisiana or an insufficient residency period in Louisiana are subject to additional scrutiny. If a student lists a Louisiana high school but indicates residency outside Louisiana or residency for less than 24 months, the student's academic information is still checked for TOPS eligibility. If otherwise eligible, LOSFA will send a letter stating lack of residency as the reason for the ineligibility and enclose an Affidavit of Residency form. If the student submits the sworn affidavit with documentation that proves residency, the student will be made eligible.

According to LOSFA officials, an applicant's ACT information is also used to verify Louisiana residency. LOSFA obtains information from the ACT for applicants who listed a Louisiana high school on their ACT application or who requested that their ACT scores be sent to LOSFA. LOSFA then asks the high school to certify the student. However, this certification does not verify that the student's parents have lived in Louisiana for the 24 months before the student's graduation date. In situations where LOSFA believes that the applicant's parents are not Louisiana residents, the parents are asked to complete an Affidavit of Residency.

A complete criminal background check on FAFSA applicants is not performed. R.S. 17:3084.1 states that no person with a criminal conviction (except for misdemeanor traffic violations) shall be eligible for the TOPS program. LOSFA relies primarily on the FAFSA to check for criminal convictions. However, according to a representative of the U.S. Department of Education, criminal background checks are run only on those students who leave blank or answer "yes" or "don't know" to the question related to criminal convictions on the FAFSA. Self-reported drug convictions do result in a student's ineligibility. If an applicant answers "no" to the question regarding criminal convictions, no check is performed at all. The representative also reported that incarceration history is not checked. As a result, there are no assurances that TOPS awards are being granted to only those students with a clean criminal history. LOSFA also relies on the fact that the TOPS award letter tells the student that "By accepting a TOPS Award each year, you are certifying that you . . . do not have a criminal conviction other than misdemeanor traffic violations, . . ."

Many High Schools Submit Inaccurate Information

As part of its determination of eligibility, LOSFA reviews the high school grade point average for all courses attempted and number of core units earned. LOSFA developed software to collect this information from high schools. High schools send the information electronically and certify this information to LOSFA. LOSFA conducts audits of the high schools to review the information on certified students. Currently, LOSFA has performed audits on nearly half of the state's 464 high schools. Through these audits LOSFA has identified and documented many instances of high schools submitting incorrect information regarding grade point averages and core units. These audits identified at least 186 students who either lost or gained eligibility in the program or had the level of award changed. These problems were primarily due to high schools incorrectly calculating the student's grade point average or core units.

From September 1998 through June 2002, LOSFA audited 215 high schools and sampled 6,592 students from those schools. Of the 215 high schools, 177 (82.3%) had audit findings involving either miscalculated grade point averages and/or core units. LOSFA auditors identified 186 students (2.8%) that had errors that were significant enough to lead to the following:

- Change in student's TOPS award level (upward or downward)
- Change from eligible to ineligible, or from ineligible to eligible
- Questions about the student's potential eligibility (missing documentation for core course)

While the percentage of students audited that had errors significant enough to change award level was only 2.8%, these students were spread across a large number of the schools audited. Approximately one-third of the high schools (71) audited had at least one student with an error significant enough to change award level.

Some schools calculated and reported incorrect grade point averages to LOSFA on the high school certification form. Of the 6,549 students sampled in LOSFA audits, 1,271 (19.4%) had incorrectly computed or rounded grade point averages. Of the 215 high schools audited, 127 (59%) had findings related to miscalculated grade point averages. Some of these schools failed to convert honors courses grade point averages to a 4.0 scale. Schools that award more than four quality points for a course must convert the course grade to a maximum 4.0 scale. A conversion formula should be applied individually to all courses not graded on a 4.0 scale and not to the final cumulative grade point average earned.

Some schools failed to include grades for all courses attempted in the computation of grade point averages and did not include failed or repeated courses. Also, many schools were found to have rounded up grade point averages to the nearest hundredth rather than rounding down to the nearest hundredth as required by TOPS' program rules.

Of 215 high schools audited, 51(24%) incorrectly calculated grade point averages that resulted in a change in award level or status for 92 (1.4%) of the students audited. Exhibit 6 on the following page shows the types of award changes and number of high schools committing the errors.

Exhibit 6 Award Changes Based on LOSFA Audits Due to Inaccurate Reporting of Grade Point Averages (by High School) September 1998 Through June 2002		
Types of Award Change	Number of Students in Sample With Award Change	Number of High Schools With at Least One Student With Award Change
Eligible to Ineligible	27	13
Decrease in Award Level	20	15
Increase in Award Level	33	14
Ineligible to Eligible	12	9
Total	92	51
Source: Prepared by legislative auditor's staff using data obtained from the Office of Student Financial Assistance audit staff.		

Schools certified incorrect numbers of core curriculum and tech core curriculum to LOSFA. High school students are required to complete 16.5 units of core curriculum to be considered for a TOPS Opportunity, Performance and Honors award. If the student does not complete the 16.5 core units for TOPS and has a GPA of 2.5 or better, the school must calculate the TOPS Tech core units to determine if the student qualifies for a TOPS tech award. The high school must calculate the TOPS core units using the TOPS Tech Core Unit Worksheet. Of the 6,549 students sampled during LOSFA audits, 515 (7.9%) had mistakes related to core units, exceptions, and foreign language credits. According to LOSFA officials, core curriculum findings are generally the result of the school certifying credit for an unapproved substitute course or the school's certifying credit for courses not taken.

Of the 215 high schools audited, 117 (54.4%) had findings related to miscalculated core units, exceptions, and foreign language credits. Of these high schools, 50 (23%) had errors significant enough to affect the award level or status of 90 (1.4%) of the students audited. Exhibit 7 on the following page shows the types of award changes and the number of high schools committing the errors.

Exhibit 7 Award Changes Based on LOSFA Audits Due to Inaccurate Reporting of Core Units (by High School) September 1998 through June 2002		
Types Award Change	Number Students in Sample With Award Change	Number of High Schools With at Least One Student With Award Change
Eligible to Ineligible	47	26
Decrease in Award Level	8	5
Increase in Award Level	2	1
Ineligible to Eligible	33	18
Total	90	50
Source: Prepared by legislative auditor's staff using data obtained from the Office of Student Financial Assistance.		

According to LOSFA auditors, high schools are under pressure to award students TOPS. R.S. 17:414.2 prohibits any school board member, school superintendent, assistant superintendent, principal, guidance counselor, other teacher, or other administrative staff member of the school or the central staff of a parish or city school board from influencing or altering, directly or indirectly, the grades received by a student from a teacher. LOSFA auditors are aware that some high schools are under pressure to award students TOPS and the following statement appears in at least two of their audit reports:

Because of the importance and popularity of the TOPS award we are aware that educators are sometimes subject to pressure to change records to create eligibility for a student.

High schools are not held accountable for submitting incorrect data to LOSFA. We found 43 students who were certified by high schools as eligible for TOPS but were later determined to be ineligible based on LOSFA audits. LOSFA paid over \$73,000 in awards to these students before audits found them ineligible. LAC 28:IV, Section 1703(D)(3) states that a high school shall reimburse LASFAC for the amount of a program award which was disbursed on behalf of a graduate of the school, when it is subsequently determined by audit that the school incorrectly certified the graduate. We found that LASFAC is not enforcing this provision. In at least 43 instances, a student was found to be ineligible for a TOPS award as a

result of a LOSFA audit; however, we did not find any cases in which the school was required to reimburse LOSFA. According to LOSFA officials, LASFAC has given guidance that LOSFA should only attempt to recoup TOPS money from the high schools if they found that the error was intentional, and they do not have the resources to prove intent.

High school personnel attending LOSFA training may help high schools to correctly certify students in accordance with TOPS program rules.

According to a LOSFA official, the large number of findings related to incorrect certification of TOPS students may be partially attributed to a lack of training among high school personnel on TOPS program rules. The official stated that high turnover of high school personnel that certify TOPS students and numerous changes to program rules over the years make it important that high school personnel receive training in certifying TOPS students. LOSFA offers annual training and workshops on calculation of grade point averages and core units when certifying TOPS students in accordance with TOPS program rules. According to LOSFA, it annually requests that superintendents of school districts make this training mandatory, but not all do so.

LOSFA's plan to receive high school transcript information electronically may alleviate grade point average calculation problems.

LOSFA has developed programming that enable it to receive high school transcript information electronically from high schools on core curriculum courses, starting with the graduating class of 2003. This plan will shift the responsibility of computing grade point averages from high schools to LOSFA. High schools that are not equipped to submit student information through LOSFA's software can submit information via the Internet. LOSFA's plan will promote consistency and accuracy in determining student eligibility for TOPS based on the high school grade point average.

Compliance Auditing Function Could Be Improved

LOSFA has three full-time auditors dedicated to auditing TOPS and other scholarship and grant programs. These auditors are responsible for auditing the state's 464 high schools to ensure that the schools are accurately reporting the grade point averages and core courses for TOPS students to LOSFA so that no qualified students are excluded from TOPS and no ineligible students receive TOPS. These same auditors are also responsible for performing TOPS audits for the 34 eligible colleges and universities and 34 campuses of the Louisiana Technical College in the state.

LOSFA could benefit from selecting the schools to be audited based on risk. According to LOSFA's Program Review/Compliance Supervisor, audits are performed randomly. The auditors do not use a computer program to randomly select schools for audit; they simply pick several from the list. With only three auditors and over 400 high schools to audit, LOSFA could benefit from developing a system to select high schools to audit based on risk. Auditors could review statistics, such as the percentage of graduating seniors of each school that receive TOPS to identify high schools that do not fit the trends of other schools. Also, once LOSFA audits a high school, it could use the findings to help determine which schools need to be audited more frequently.

Quantifying the savings resulting from audits could help LOSFA show the effectiveness of its audit function. LOSFA stops making TOPS payments to students found ineligible based on the results of high school audits. Stopping payments results in cost savings to the state in the form of future awards not paid. LOSFA does not quantify this amount to show the savings that have resulted from its audits. LOSFA does not require the ineligible student or the student's certifying high school to pay back any awards they have already received. The amount of award monies that were already paid to that ineligible student can be viewed as money that could have been saved if the audit was done earlier. LOSFA does not quantify this amount either.

By tracking cost savings and monies spent on erroneously paid awards, LOSFA can show the effectiveness of its audit function. This information could be used to quantify the cost-effectiveness of hiring more auditors. If the average savings per auditor is greater than the salary and benefits of the auditor, it may be beneficial to add more auditors since, in effect, these additional auditors would pay for themselves. Also, the amount of savings that would have resulted if the audit had been done sooner will help to show if adding more auditors to complete audits more quickly would help to save the state money.

Audit staff do not keep track of the number of students found ineligible as a result of audits. The audit staff should track the number of students found ineligible. This statistic over time will show if high schools are getting better with reporting information to LOSFA. It can also serve as a tool to help LOSFA auditors determine which schools should be audited more frequently.

The final disposition of high school audits is not reflected in audit reports. When a student is found ineligible for a TOPS award or the award level is found to be incorrect as a result of an audit, LOSFA reports the finding in an audit report. LOSFA then requests a written response from the high school. In cases where the high school disputes LOSFA's finding and the student's award status or level is ultimately found to be correct, LOSFA does not update its audit report based on the school's response. As a result, LOSFA's audit reports do not

provide a comprehensive account of how accurately high schools are reporting student data. The high schools' feedback on audit findings should be viewed as a type of quality control, and LOSFA should readily incorporate this feedback into its audit reports. Updating the audit reports to incorporate the high schools' responses will help to make the reports more useful.

High schools do not always respond to LOSFA findings within the prescribed period. According to information from LOSFA's audit manual, LOSFA allows high schools 20 days from the date of the audit report to respond to findings. During this time a student can continue to receive award payments until the school issues a response to LOSFA. Based on information provided by LOSFA, high schools do not always respond within 20 days, and some not at all. According to a LOSFA official, when schools receive audit reports during summer months, school is not in session and no one may be there to respond. A high school's failure to respond within the prescribed period increases the risk of unqualified students continuing to receive TOPS payments.

One of the LOSFA auditing performance indicators is misleading. The performance indicator "number of repeat audit findings" for the Administrative/Support Services program is included in the supporting documents of the executive budget. This performance indicator includes TOPS audits as well as audits of other scholarship programs. The actual number reported for this indicator in FY 2002 was zero. Since LOSFA has audited only three high schools more than once, this number may be misleading.

Initial Eligibility Requirements Confusing and Always Changing

According to LOSFA officials, legislative staff, and testimony concerning TOPS at a committee hearing, the law is frequently changing. During the 2001 Regular Legislative Session, there was a total of 44 changes introduced related to TOPS. There have been instances when the law has been changed to accommodate one or two students. Frequent changes to the law make it difficult for high schools, students, parents, counselors, and other interested parties to know what the current eligibility requirements are. In addition, LOSFA must incorporate the change into the software it developed to ensure that it collects appropriate information and determines eligibility based on the new requirements. According to a budget analyst with the Fiscal Division of House Legislative Services, TOPS laws and regulations are confusing because every year they are changed. We also found it difficult to understand the laws and regulations because there are so many exceptions to the criteria.

Continuing Eligibility

Is LOSFA receiving accurate information from post-secondary institutions to assist in determining continuing eligibility and to ensure that all post-secondary students retaining TOPS awards were qualified to retain them and that no qualified students lost the awards?

We found that the software developed by LOSFA accurately received the eligibility information sent by the college. Most of the information we reviewed that LOSFA received from colleges in order to determine if students were eligible to continue receiving TOPS was accurate. However, some of the information LOSFA received was not accurate because it did not contain grades and hours on all classes from all post-secondary institutions in which a student had earned a grade, as required by state law and program rules. In particular, some colleges did not send LOSFA information on all transfer classes or repeated classes. Other information was not accurate because of manual errors or because colleges did not update the information sent to LOSFA when there was a grade change. None of the students in our sample had incorrect information that resulted in an incorrect eligibility determination. As a result, LOSFA correctly determined the eligibility of all of the college students in our sample.

The accuracy of data varies from college to college based on the policies of each school. Some colleges have policies that do not allow all courses from a student's prior college to count as transfer credits. These colleges then only report grade information to LOSFA for the courses that they accept as transfer credits. This policy can misstate the grade point average of these students when LOSFA is determining if the student is still eligible to receive TOPS. We found that three of the seven colleges we examined did not allow all classes to transfer from prior schools and, therefore, did not report information to LOSFA on all classes these students had taken.

In addition, some colleges allow students to repeat classes and then delete from their transcript the hours and grade from the original class. We found that two public and one private institutions that we examined have this policy. These colleges omit the class from the grade point average reported to LOSFA while other colleges include both classes. Nearly 31% of the students that we examined at these schools had at least one class repeated and the prior grade deleted. Therefore, LOSFA is making eligibility decisions based on cumulative grade point averages that colleges calculated inconsistently.

Starting with the fall 2002 semester, LOSFA will implement a plan that will help alleviate the problems it experiences in receiving accurate data from colleges. LOSFA is currently considering a plan that would require colleges to report specific grade information directly to LOSFA, which would allow LOSFA to calculate the student's cumulative hours and grade point average, instead of LOSFA relying on the colleges to do this. This plan should give LOSFA a comprehensive academic record for each student that would be unaffected by the inconsistencies found in colleges pertaining to the reporting of grades and hours.

Recommendation 9: LOSFA should ensure that it bases eligibility determinations on the cumulative grade point average of all classes a student attempted as required by state statute and program rules. LOSFA can address this recommendation by implementing its plan to require colleges to submit information that would allow LOSFA to calculate the students' cumulative grade point average. Basing eligibility determinations on accurate cumulative grade point averages could also be accomplished by requiring colleges to submit student grade information on all classes in which a student received a grade, including grades from previous post secondary institutions.

Summary of LOSFA Response: LOSFA agrees with the recommendation. LOSFA has calculated 100% of college grade point averages correctly, based on the data submitted by colleges. Clearly, some colleges have submitted some data that is incorrect. For this reason, LASFAC amended its rules to require colleges to report hours attempted, hours earned and quality points commencing with the grades for the fall semester of 2002. Such data will enable LOSFA to compute the correct grades for each student. LOSFA's auditors will continue to perform audits at the colleges to ensure that the new data is correct.

Recommendation 10: LOSFA should identify those colleges that manually collect grade information and review their processes in order to ensure the accuracy of the data that those institutions submit to LOSFA.

Summary of LOSFA Response: LOSFA agrees with the recommendation. LOSFA is aware that smaller institutions experience difficulty reporting accurate academic information because they are dealing with a small number of students and report on a sporadic basis. For this reason, LOSFA has included a review of academic information in the Program Review audits.

Recommendation 11: When data files transmitted from colleges to LOSFA are found to contain errors that prevent automated processing, LOSFA should consistently provide the colleges with feedback concerning the nature of those errors as well as the remedy for them. This feedback will ultimately improve both the accuracy of LOSFA's data as well as the efficiency of LOSFA's data collection processes.

Summary of LOSFA Response: LOSFA has recognized this problem and has included options for institutions to download Grades Accepted and Grades Rejected Files from the agency's web site. The Grades Rejected File will include a 30 space message to guide the institution in making corrections to the rejected file.

Recommendation 12: If LOSFA intends for non-academic and academic grades to not be combined when calculating cumulative GPA, LOSFA should amend its rules to clarify this issue.

Summary of LOSFA Response: LOSFA agrees that the rules should be amended to specifically state that grades for non-academic courses may not be combined with academic grades.

Recommendation 13: Since LOSFA's intentions in regard to the academic, non-academic issue (discussed in Recommendation 12) are not clearly stated in TOPS rules, LOSFA should clearly communicate any changes in rules to both colleges and students.

Summary of LOSFA Response: LOSFA agrees that eligibility requirements should be clear and communicated to both colleges and students. LASFAC's rules are promulgated in accordance with the Administrative Procedure Act and are available on the agency web site. Schools are sent an official TOPS bulletin notifying them of the changes.

Not All Colleges Report Complete Information to LOSFA

State statutes require a minimum cumulative grade point average in college to maintain eligibility in the TOPS program. LASFAC rules state that the cumulative grade point average must include all courses from all post-secondary institutions attended for which a student has been awarded a grade. We found that some colleges do not send LOSFA cumulative grade point averages that include all transfer courses and/or courses a student repeated. Three of the seven colleges that we examined do not send LOSFA cumulative grade point averages that include all transfer courses and three of the colleges do not send LOSFA information on classes that have been repeated.

To comply with the TOPS rules and report cumulative grade point averages for all courses a student attempted, colleges would either have to change their policies on reporting transfers and repeated classes on student transcripts or compute two grade point averages (one for TOPS and one for the transcript). According to the executive director, LOSFA requests that colleges submit cumulative grade point averages for TOPS students that include all courses from all post-secondary institutions, but some colleges were either unable or unwilling to do so for students with transfer classes or repeated classes. Therefore, LOSFA is using incorrect information for some students to determine if they are eligible to keep their TOPS award.

Transfer Credits

Some colleges do not submit information on classes taken at other universities to LOSFA, which misstate grade point averages and hours earned when determining eligibility. We found that the two private schools in our sample do not accept transfer classes with grades below a C. In addition, these two private schools have not been reporting the grades for any transfer classes to

LOSFA. By omitting the grades for transfer classes, LOSFA is not basing eligibility determination on all classes for which a student has gotten a grade. We did find that one of the two private schools started submitting grades for transfer classes to LOSFA for the Fall 2001 semester.

We also found that one of the technical college campuses that we examined does not accept transfer classes with grades below a C and therefore does not report these classes to LOSFA to determine student eligibility. We found that at least six of the 40 students that received TOPS at this technical college were transfer students from schools with academic programs (the technical college is a non-academic program). None of the six had all classes transferred from their prior institution.

According to LOSFA, grades from academic programs cannot be combined or compared to those from non-academic programs; therefore, technical college campuses should not be including transfer classes from academic programs in student cumulative grade point averages. However, this methodology is not consistent with TOPS rules. TOPS rules state that all grades from all post-secondary institutions should be used in calculating the student's cumulative grade point average and makes no mention of a distinction between academic and non-academic programs. According to LOSFA officials, they need to amend TOPS rules to distinguish between academic and non-academic when defining cumulative grade point average. While LOSFA officials say that academic and non-academic grades should not be combined, we found that the technical college campus we examined included some grades transferred from academic programs in the cumulative GPA it sent to LOSFA. LOSFA officials stated that they were not aware this technical college campus was sending cumulative GPA that included grades from academic programs and that this practice should not be occurring.

The remaining four schools that we examined, which are all public schools, include all transfer courses in the calculation of a student's grade point average. They may not necessarily count these courses as credit toward a degree, but they are all included in the calculation of the student's grade point average. Therefore, these schools submit all transfer class information to LOSFA while the other schools did not. As a result, LOSFA is making eligibility decisions based on cumulative grade point averages that colleges calculated inconsistently.

Repeated Classes

Some colleges report cumulative grade point averages that include repeated classes, which results in LOSFA using inconsistent information to determine TOPS eligibility. We found that two public and one private institution that we examined allow students to repeat classes and then delete the hours and/or grade from the original class from their transcript. These institutions then reported

the cumulative grade point average from the student transcript to LOSFA, in order to determine if a student is still eligible for TOPS. TOPS rules require that all courses for which a student has been awarded a grade be included in the cumulative grade point average used by LOSFA to determine if a student is eligible to continue receiving TOPS. LOSFA interprets this to mean that both grades from repeated classes should be included in the cumulative grade point average. The other four colleges that we reviewed include both the original and repeated course in the calculation of the grade point average on the student's transcript and in the grade information sent to LOSFA. Therefore, LOSFA is making eligibility decisions based on cumulative grade point averages that are not calculated uniformly by colleges.

We found that nearly 31% of the 114 TOPS student transcripts that we examined at these three schools that deleted grades for repeated courses had at least one class repeated and the prior grade deleted. We did not identify any students in our sample of these schools that should not have received a TOPS award because they were ineligible due to the deletion of repeated classes. However, once the repeated classes were added back into the grade point averages of these students in our sample, several of the grade point averages dropped close to the minimum eligibility level.

Some Colleges Do Not Update Student Information When There Are Changes

Six of the seven colleges that we examined are not sending updated grade and hour information to LOSFA. According to LOSFA officials, colleges are required to submit updated grade and hour information whenever previously submitted information changes, such as with a grade change. We found many instances when the transcripts of TOPS students did not match the data that LOSFA used to determine if the students remained eligible for TOPS because of changed grades. When information on student transcripts change, the colleges must send the updated information to LOSFA in order for LOSFA to determine if the change makes a difference in the student's eligibility.

Colleges That Submit Information to LOSFA Manually Made Some Errors, While LSU's Automated System Was Error Free

One of the seven colleges that we examined gathered TOPS student information manually to send to LOSFA and made some manual errors. At this institution, the number of TOPS recipients was low enough to justify a manual process, but of the 40 students that had received TOPS as of the time of our visit, we found that errors had been made relating to hours earned for six of the

students. None of these errors resulted in an incorrect eligibility determination, but this 15% error rate contributes to the lack of reliability of LOSFA's data.

In contrast to a manual system, LSU uses an automated system to send information of TOPS students to LOSFA. LSU's system automatically collects TOPS student information and transmits it to LOSFA on a regular basis. This automation allows for any change made to student transcripts to be automatically sent to LOSFA. Also, LSU accepts all transfer grades and hours and puts them on the student transcripts and includes the grades and hours in the student's cumulative grade point average. LSU's policies and automated system resulted in it being the only one of the seven schools that we examined to have no discrepancies or errors in the cumulative grade point average and hour data sent to LOSFA that we reviewed.

LOSFA's Plan to Change Reporting Requirements of Colleges Should Alleviate Several Problem Areas

According to R.S. 17:3048.1(A)(4), TOPS recipients must be evaluated for continuing eligibility purposes based on all courses attempted. As mentioned above, this requirement is not being met for some students who have attended multiple institutions and have transferred grades from one institution to another. LOSFA currently bases continuing eligibility status on the cumulative hours and grade point average and semester hours calculated by the institution. LOSFA will implement a plan beginning in the Fall 2002 semester that will require colleges to report specific grade information directly to LOSFA. This plan will allow LOSFA to calculate the student's cumulative hours and grade point average, thereby shifting the calculation of cumulative grade point average (on which continuing eligibility status is partially based) from individual colleges to LOSFA. The plan would also require colleges to report resignations and withdrawals. If properly carried out, this plan should eliminate the current problems with transfer students and repeated classes and result in LOSFA's compliance with state law. Assuming that all colleges with TOPS recipients reported this semester information, LOSFA would have a comprehensive academic record for each student that would be unaffected by the inconsistencies found in colleges pertaining to the reporting of grades and hours.

LOSFA's Method of Processing Incomplete or Inaccurate Grade Data Received From Colleges Could Be Improved

Part of LOSFA's continuing eligibility process involves LOSFA receiving data from colleges to be used in determining whether or not a student will retain an award. This information (which includes student grades) is sent to LOSFA after each semester and must be evaluated before the student is deemed eligible to

continue receiving the award for the following semester. Often, however, the information sent by colleges contains errors such as the institution denoting the wrong semester or term, the wrong award level, or not providing an estimated graduation date. Once data for a particular student has been received, it is evaluated by LOSFA's system to determine if it possesses these and other types of errors.

LOSFA does not notify colleges of all errors in the data it receives.

According to LOSFA personnel, when errors are found in data sent by colleges, that data is manually evaluated to determine if the error affects vital continuing eligibility information (such as cumulative hours, semester hours, or grade point average) or if the error is a "peripheral data problem." We found that of the 268 students from the seven colleges that we visited, 17 (6.3%) students from six of the colleges had peripheral data errors. Peripheral data problems include incorrect semester or term, no estimated graduation data, or incorrect degree type. Errors that affect vital continuing eligibility are manually researched by LOSFA by contacting the college to obtain more information. However, LOSFA does not contact colleges regarding peripheral data problems. Therefore, these colleges are not aware that their peripheral data has errors and could possibly repeat the error in later semesters.

Appendixes

Appendix A

Audit Scope and Methodology

Appendix A: Audit Scope and Methodology

This performance audit was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. We followed the applicable generally accepted government auditing standards as promulgated by the Comptroller General of the United States.

Scope

The audit focused on LOSFA's ability to effectively determine initial and continuing eligibility of students for TOPS awards. Attention was given to the accuracy of student information LOSFA receives from high schools and colleges as well as LOSFA's policies and procedures.

Methodology

To gain an understanding of the Louisiana Office of Student Financial Assistance (LOSFA) and the Tuition Opportunity Program for Students (TOPS), we did the following:

- Researched state laws, Senate Resolutions, and Attorney General opinions relating to LOSFA and TOPS
- Interviewed legislative staff, LOSFA officials, and officials from several state universities
- Reviewed TOPS program rules and LOSFA audits of high schools and universities

To determine if LOSFA receives accurate information from high schools to assist in establishing initial eligibility and to ensure that qualified students receive TOPS awards, we did the following:

- Examined the process, policies, and procedures involved with high schools' submission of initial eligibility data to LOSFA
- Examined the policies and procedures of LOSFA's high school audit function
- Obtained reports from LOSFA's high school audits and analyzed and categorized the audit findings
- Followed up with LOSFA to obtain explanations for 50 cases where, according to LOSFA audits, students were incorrectly certified to receive TOPS awards by high schools

- Reviewed, for 43 students who were erroneously granted awards, LOSFA's master and transaction files using ACL (Audit Command Language) to determine the amount of awards paid to these students
- Reviewed LOSFA's master and transactions files to determine if LOSFA had been reimbursed for any of these erroneous payments

To determine if LOSFA is receiving accurate information from post-secondary institutions to assist in determining continuing eligibility and to ensure that qualified students retain TOPS awards, we completed the following tasks:

- Examined the process, policies, and procedures involved with LOSFA's verifying the continuing eligibility of post-secondary students
- Examined the policies and procedures of LOSFA's post-secondary audit function
- Analyzed and categorized the findings from LOSFA's audits of post-secondary institutions
- Obtained from LOSFA copies of all databases relevant to the TOPS program and analyzed them using ACL
- Obtained from LOSFA a listing of all post-secondary educational institutions that have received TOPS monies
- Analyzed the above listing to determine the various categories of post-secondary educational institutions participating in the TOPS program (public 4-year colleges and universities, private 4-year colleges and universities, 2-year community colleges and technical schools) and the relative amount of TOPS monies received by each
- Judgmentally selected seven post-secondary educational institutions for inclusion in our sample (selections were made so that at least one representative from each category of institutions was selected) and also, considered in institution selection was the percent of total TOPS expenditures represented by each institution and geographic location within the state
- Selected, from each of the seven institutions, a random sample of TOPS recipients with an 85% confidence interval using ACL, which resulted in a sample size of 38 students per institution. Decided to include all of Sowela's TOPS recipients since LTC - Sowela's entire population of TOPS recipients was only 40
- Visited each institution selected and obtained student account records and transcripts for each sample student, then compared to student data at LOSFA for discrepancies, and followed up on the issues that arose from these discrepancies with LOSFA and the institutions

Appendix B

Eligibility Requirements

Appendix B: Eligibility Requirements

TOPS Core Curriculum*

<u>UNITS</u>	<u>COURSES</u>
4	English I, II, III and IV
1	Algebra I (one unit) or Applied Algebra IA and IB (two units)
1	Algebra II
1	Geometry, Trigonometry, Calculus or an approved advanced math substitute
1	Biology
1	Chemistry
1	Earth Science, Environmental Science, Physical Science, Biology II, Chemistry II, Physics, Physics II or Physics for Technology (one unit)
1	American History
1	World History, Western Civilization or World Geography
1	Civics and Free Enterprise (one unit combined) or Civics (one unit, non-public)
1	Fine Arts Survey (or substitute two units of performance courses in music, dance and/or theater; or two units of visual art; or substitute two units of studio art; or substitute one unit of an elective from among the other subjects listed in this core curriculum)
2	Foreign Language (two units in the same language)
2	Computer Science, Computer Literacy or Business Computer Applications (or substitute at least one-half unit of an elective course related to computers approved by the state Board of Elementary and Secondary Education or one-half unit as an elective from among the other subjects listed in this core curriculum)
16.5	Units

*Other courses may be acceptable as substitutes for courses in the core curriculum. Contact LOSFA for more information on acceptable substitute courses.

LOUISIANA'S TUITION OPPORTUNITY PROGRAM FOR STUDENTS, "TOPS"				
STANDARD ELIGIBILITY REQUIREMENTS ¹	AWARD COMPONENTS OF TOPS (EXCEPT TECH AWARD)			
	OPPORTUNITY AWARD	PERFORMANCE AWARD	PERFORMANCE AWARD ² ALTERNATE CRITERIA	HONORS AWARD
High School Grade Point Average (GPA)	2.50 (GPA computed on core courses only)	3.50 (GPA computed on core courses only)	3.00 (GPA computed on core courses only)	3.50 (GPA computed on core courses only)
Core Units	16.5 ³	16.5 ³	16.5 ³ - Must include ten or more honors courses graded on a 5.00 scale	16.5 ³
ACT Composite Score (or SAT Equivalent)	Prior year state average: Currently 20 ⁴	23 ⁴	24 ⁴	27 ⁴
Must Accept Award	As a first-time freshman, by the first semester following the first anniversary of high school graduation ^{5,6,7}	As a first-time freshman, by the first semester following the first anniversary of high school graduation ^{5,6,7}	As a first-time freshman, by the first semester following the first anniversary of high school graduation ^{5,6,7}	As a first-time freshman, by the first semester following the first anniversary of high school graduation ^{5,6,7}
Eligible Institutions	Louisiana public and LAICU ⁸ post-secondary institutions	Louisiana public and LAICU ⁸ post-secondary institutions	Louisiana public and LAICU ⁸ post-secondary institutions	Louisiana public and LAICU ⁸ post-secondary institutions
Maximum Award at Public Schools	Tuition and certain fees	Tuition and certain fees, plus \$400	Tuition and certain fees, plus \$400	Tuition and certain fees, plus \$800
Maximum Award at LAICU ⁸ Institutions	Weighted average tuition of public degree-granting schools	Weighted average tuition of public degree-granting schools	Weighted average tuition of public degree-granting schools	Weighted average tuition of public degree-granting schools
ALTERNATE ELIGIBILITY REQUIREMENTS ⁹	Currently an ACT of 23 (3 points above standard, in lieu of core units and GPA)	An ACT of 23 (3 points above standard, in lieu of core units and GPA)	Not available	An ACT of 30 (3 points above standard, in lieu of core units and GPA)
RENEWAL REQUIREMENTS ¹⁰	OPPORTUNITY AWARD ¹⁰	PERFORMANCE AWARD ¹⁰	PERFORMANCE AWARD ¹⁰	HONORS AWARD ¹⁰
Maintain Academic Progress (Cumulative GPA)	2.30 end of first academic year 2.50 end of all other academic years Maintain steady academic progress end of all other terms (2.00 Cumulative GPA)	3.00 end of each academic year ¹¹ Maintain steady academic progress end of all other terms (2.00 Cumulative GPA)	3.00 end of each academic year ¹¹ Maintain steady academic progress end of all other terms (2.00 Cumulative GPA)	3.00 end of each academic year ¹¹ Maintain steady academic progress end of all other terms (2.00 Cumulative GPA)
Hours Earned Per Academic Year	Maintain continuous full-time enrollment, earn 24 hours or more each academic year or that required to maintain full-time standing or graduate ⁷	Maintain continuous full-time enrollment, earn 24 hours or more each academic year or that required to maintain full-time standing or graduate ⁷	Maintain continuous full-time enrollment, earn 24 hours or more each academic year or that required to maintain full-time standing or graduate ⁷	Maintain continuous full-time enrollment, earn 24 hours or more each academic year or that required to maintain full-time standing or graduate ⁷
Award Reinstated Upon Recovery of Required GPA	Yes ¹²	Yes, but reinstated as an Opportunity Award ^{11,12}	Yes, but reinstated as an Opportunity Award ^{11,12}	Yes, but reinstated as an Opportunity Award ^{11,12}
Award Limits	4 years or 8 semesters ¹³	4 years or 8 semesters ¹³	4 years or 8 semesters ¹³	4 years or 8 semesters ¹³

Source: Prepared by legislative auditor's staff using information from the Louisiana Office of Student Financial Assistance.

Note: See footnotes on the following pages.

- 1** - Applicable to students who are U.S. citizens or minors who are eligible and apply for citizenship within 60 days of their 18th birthday and who graduate from Louisiana public and approved non-public high schools and who are the dependent of a parent(s) who is a resident of Louisiana for at least two years prior to the month of the dependent's high school graduation or a dependent of a member of the Armed Forces who claims Louisiana as his legal residence and has filed Louisiana tax returns or who is stationed in Louisiana and completes a DD Form 2058 to become a legal resident within 60 days of reporting to Louisiana or is an independent student who has been a resident for at least two years prior to the month of his or her high school graduation.
- 2** - The Performance Award Alternate Criteria terminates with the graduating class of 2003. The ten honors courses must be from the core curriculum.
- 3** - Core units may be waived if not offered at the high school attended through the graduating class of 2003. Individual courses may be waived for students with exceptionalities or disabilities that prevent enrollment or completion.
- 4** - A qualifying score must be achieved on a National, International or Special ACT or equivalent Scholastic Aptitude Test (SAT) no later than the national ACT test date scheduled for April in the year of high school graduation. Penalties may apply if tested after this date. Scores acquired on tests taken after June of the graduating year will not be considered. For a SAT score to be considered, the student must have SAT send the score to LOSFA by entering code 9019 on the SAT registration form.
- 5** - A qualified student who enlists in the Armed Forces within one year of graduation from high school must enroll in an eligible college within five years of the date of graduation or within one year of separation from active duty, whichever is earlier. The veteran must still be a first-time freshman and must not have been discharged with an undesirable, bad conduct or dishonorable discharge. A student who meets these requirements and did not previously apply, must file a FAFSA within one year of separation from active duty.
- 6** - Students qualifying for more than one award shall receive the highest award.
- 7** - Exceptions for "first-time freshman" and/or "continuous full-time enrollment" may be granted for justifiable cause. Apply to LOSFA.
- 8** - Institutions that are members of the Louisiana Association of Independent Colleges and Universities (LAICU).
- 9** - Applicable to students who complete a La. Board of Elementary and Secondary Education (BESE) approved home-study program or graduate from an approved out-of-state high school and who are the dependents of a parent(s) who is a resident of Louisiana for at least two years prior to the month of the student's graduation from high school. Students who graduate from an approved high school located outside of the United States or who complete a BESE-approved home study program while residing out of country may qualify for a TOPS Opportunity Award with an ACT score of 23 or higher, provided a parent(s) of the dependent student was actively engaged in work or other activity on behalf of a Louisiana employer or sponsor and actually lived in Louisiana for at least the 24-months preceding the date the work or activity outside the United States began, and

must have remained a Louisiana resident through the date of the student's graduation from high school or completion of a BESE-approved home study program.

10 - Unless the recipient of an award is ineligible for federal grant aid, a FAFSA must be filed annually to be received by the state deadline of July 1.

11 - Students who fail to maintain a 3.00 GPA shall revert to the Opportunity Award, provided the minimum GPA for that award has been maintained.

12 - Provided that the period of ineligibility did not extend for more than two years.

13 - Recipients may pursue academic degrees or technical diplomas or both, but may not exceed the award limit.

LOUISIANA'S TUITION OPPORTUNITY PROGRAM FOR STUDENTS, "TOPS" TECH AWARD				
STANDARD ELIGIBILITY REQUIREMENTS ¹	TECH AWARD		TOPS TECH CORE CURRICULA	
			UNITS	COURSE
High School Grade Point Average (GPA)	2.50 GPA computed on core courses only)		3	English I, II and III
Tech Core Units	Option 1 – 17 Units ² Option 2 – 19 Core Units ²		1	English IV, or Business English
ACT Composite Score (or SAT Equivalent)	17 ³ or higher		1	Algebra I, or Algebra I, Parts 1 and 2 (two units); or Applied Mathematics I and II (two units)
Must Accept Award	As a first-time freshman, by the first semester following the first anniversary of high school graduation ^{4,5}		2	Geometry, Applied Mathematics III, Algebra II, Financial Mathematics, Advanced Mathematics I, Advanced Mathematics II, Discrete Mathematics, or Probability and Statistics
Eligible Institutions	Louisiana technical college campuses and other public post-secondary or LAICU ⁶ schools that provide skill or occupational training		1	Biology
Maximum Award at Public Schools That Do Not Offer a Baccalaureate Degree	An amount that equals tuition		1	Chemistry or Applied Chemistry
Maximum Award at Public Schools That Offer Baccalaureate Degrees and at LAICU ⁶ Institutions	The average of awards paid to students attending public schools that do not offer a baccalaureate degree		1	Earth Science, Environmental Science, Physical Science, Integrated Science, Biology II, Chemistry II, Physics, Physics II or Physics for Technology
ALTERNATE ELIGIBILITY REQUIREMENT ⁷	Currently an ACT of 20 (3 points above standard in lieu of core units and GPA)		1	American History
RENEWAL REQUIREMENTS ⁸	TECH AWARD ⁸		1	World History, Western Civilization or World Geography
Cumulative GPA	2.50 end of academic year Maintain steady academic progress at the end of all other terms or semesters (2.00 cumulative GPA)		1	Civics and Free Enterprise (one unit combined) or Civics (one unit non-public)
Hours Earned Per Academic Year	Maintain continuous full-time enrollment and earn 24 credit hours or more each academic year or the equivalent in clock hours ⁵		17	Remaining courses must be selected from one of the two following options:
Award Reinstated Upon Recovery of Required GPA	Yes ⁹			
Award Limits	2 years			
			Option 1	
			1	Fine Arts Survey (or substitute two units of performance courses in music, dance or theater; or two units of visual art; or two units of studio art; or a career/technical studies course approved by BESE; or substitute one unit of an elective from among the other subjects listed in this core curriculum)
			2	Foreign Language, Technical Writing, Speech I or Speech II
			1	Compute education program of studies approved by BESE
			17	Total Core Curriculum Units ¹⁰
				OR
			Option 2	
			4	A career major comprised or a sequence of related specialty courses and approved for the school by BESE
			1	Related or technical fields course
			1	Basic Computer course
			19	Total Core Curriculum Units ¹⁰

Source: Prepared by legislative auditor's staff using information from the Louisiana Office of Student Financial Assistance.

Note: See footnotes on the following pages.

1 - Applicable to students who are U.S. citizens or minors who are eligible and apply for citizenship within 60 days of their 18th birthday and who graduate from Louisiana public and approved non-public high schools and who are the dependent of a parent (s) who is a resident of Louisiana for at least two years prior to the month of the dependent's high school graduation or a dependent of a member of the Armed Forces who claims Louisiana as his legal residence and has filed Louisiana tax returns, or who is stationed in Louisiana and completes a DD Form 2058 to become a legal resident within 60 days of reporting to Louisiana or is an independent student who has been a resident for at least two years prior to the month of high school graduation.

2 - Core units may be waived if not offered at the high school attended through the graduating class of 2003. Individual courses may be waived for students with exceptionalities or disabilities which prevent enrollment or completion.

3 - A qualifying score must be achieved on a National, International or Special ACT or Scholastic Aptitude Test (SAT) no later than the April national ACT test date in the year of high school graduation. Penalties may apply if tested after this date. Scores acquired on tests taken after June of the graduating year will not be considered. For a SAT score to be considered, the student must have SAT send the score to LOSFA by entering code 9019 on the SAT registration form.

4 - A qualified student who enlists in the Armed Forces within one year of graduation from high school must enroll in an eligible college within five years of the date of graduation or within one year of separation from active duty, whichever is earlier. The veteran must still be a first-time freshman and must not have been discharged with an undesirable, bad conduct or dishonorable discharge. A student who meets these requirements and did not previously apply, must file a FAFSA within one year of separation from active duty.

5 - Exceptions for "first-time freshman" and/or "continuous full-time enrollment" may be granted for justifiable cause. Apply to LOSFA.

6 - Institutions that are members of the Louisiana Association of Independent Colleges and Universities (LAICU).

7 - Applicable to students who complete a La. Board of Elementary and Secondary Education (BESE) approved home-study program or graduate from an approved out-of-state high school and who are the dependents of a parent (s) who is a resident of Louisiana for at least two years prior to the month the student graduated from high school. Students who graduate from an approved high school located outside of the United States or who complete a BESE-approved home study program while residing out of country may qualify for a TOPS Tech Award with an ACT score of 20 or higher provided a parent(s) of the dependent student was actively engaged in work or other activity on behalf of a Louisiana employer or sponsor, and actually lived in Louisiana for at least the 24-months preceding the date the work or activity outside the United States began, and must have remained a Louisiana resident through the date of the student's graduation from high school or completion of a BESE-approved home study program.

8 - Unless the recipient of an award is ineligible for federal grant aid, a FAFSA must be filed annually to be received by the state deadline of July 1.

9 - Provided that the period of ineligibility did not extend for more than one year.

10 - Other courses may be acceptable as a substitutes for courses in the core curricula.
Contact LOSFA for more information on acceptable substitute courses.

Appendix C

Initial Eligibility Requirements for TOPS

Appendix C: Initial Eligibility Requirements for TOPS

Residency Requirement	<ul style="list-style-type: none"> ■ A resident of Louisiana (independent student) ■ Has a parent or legal guardian who is a resident of Louisiana during the 24 months preceding the student's graduation (dependent student) <p><i>Note: Different requirements for students whose parent or legal guardian is on active duty with the U.S. Armed Forces.</i></p>
Citizenship Requirement	<ul style="list-style-type: none"> ■ A citizen of the United States <p><i>Note: Students who are not citizens but are eligible to apply for citizenship are deemed to satisfy the citizenship requirement if within 60 days after the date the student attains the age of majority, the student applies to become a citizen and obtains citizenship within one year after the application date.</i></p>
Secondary Education Requirement	<ul style="list-style-type: none"> ■ Certified to have graduated from a Louisiana public or nonpublic high school approved by the state Board of Elementary and Secondary Education (BESE); the school must also meet certain other requirements OR ■ A graduate from an out-of-state high school which has been approved by the appropriate state educational agency in the state where the school is located; or which is accredited by the Association of Colleges and Schools' Commission on Secondary and Middle Schools and meets BESE standards for non-public schools in Louisiana; or which has been approved by the Department of Defense OR ■ Certified to have successfully completed at the 12th grade level a home study program approved by BESE; if such student ever attended a Louisiana public or Louisiana nonpublic high school approved by BESE, he must have begun his studies in the home study program no later than the end of the 10th grade year. If such student ever attended a Louisiana public, Louisiana nonpublic, or out-of-state school, he must be certified to be in good standing at the time he last attended the school. ■ <u>Tech and Opportunity only</u>: Graduate of a high school outside the U.S. and its territories which meets BESE standards for approved Louisiana nonpublic schools and which is accredited by an organization recognized by the U.S. Department of Education OR ■ <u>Tech and Opportunity only</u>: Certified to have successfully completed at the 12th grade level a home study program approved by BESE conducted outside the U.S. and its territories

High School GPA Requirement	<ul style="list-style-type: none"> ■ <u>Opportunity Award</u>: Minimum cumulative 2.50 GPA calculated on a 4.00 scale ■ <u>Performance Award</u>: Minimum cumulative 3.50 GPA calculated on a 4.00 scale (Beginning with the 2001-2002 award year, 3.00 on a 5.00 scale is required for students completing 10 or more high school honors courses.) ■ <u>Honors Award</u>: Minimum cumulative 3.50 GPA calculated on a 4.00 scale ■ <u>Tech Award</u>: Minimum cumulative 2.50 calculated on a 4.00 scale <p><i>Note: Starting in 2002-2003, minimum cumulative GPA to be calculated using only core curriculum for all awards.</i></p>
ACT Requirement	<ul style="list-style-type: none"> ■ <u>Opportunity Award</u>: ACT composite score of at least equal to the state's average ACT composite score, rounded to the nearest whole number, but never less than 19; eligible out-of-state, home study and students outside the U.S. and its territories must make an ACT score at least 3 points higher. ■ <u>Performance Award</u>: ACT composite score of 23 or higher (Beginning with the 2001-2002 award year, 24 is required.); eligible out-of-state and home study students must make an ACT score at least 3 points higher. ■ <u>Honors Award</u>: ACT composite score of 27 or higher; eligible out-of-state and home study students must make an ACT score at least 3 points higher. ■ <u>Tech Award</u>: ACT composite score of 17 or higher (The required score was 19 for 1999-2000 graduates.); eligible out-of-state, home study, and students outside the U.S. and its territories must make an ACT score at least 3 points higher.
Curriculum Requirement	<ul style="list-style-type: none"> ■ <u>Opportunity, Performance, and Honors Awards</u>: Completion of 16.5 units consisting of specific classes designated as a "core curriculum" as defined in statute <p><i>Note: This requirement does not apply for Performance Awards to 1997-1998 graduates who were certified as graduating within the top 5% of their class at a BESE approved LA public or nonpublic high school.</i></p> <ul style="list-style-type: none"> ■ <u>Tech Award</u>: Students may complete the Opportunity, Performance and Honors core curriculum or one of the core curriculum options exclusively for Tech awards as defined by statute. <p><i>Note: Through the 2002-2003 school year, students may waive the core curriculum requirement if the high school's principal or designee documents that the required course(s) were not available to the student at the school attended. This exception applies to all TOPS awards.</i></p>

First-Time Freshman Requirement	<ul style="list-style-type: none">■ Student must enroll in an eligible college or university as a first-time freshman no later than the semester, excluding summer semesters or sessions, immediately following the first anniversary of the date that the student graduated from high school, or the first anniversary date that the student's initial application was received by LASFAC (home study), or the first anniversary of the date the student graduated from a high school outside the U.S. and its territories.■ If a student joins the U.S. Armed Forces within one year after graduating high school, he must enroll in an eligible college or university as a first-time freshman not later than the semester, excluding summer semesters or sessions, immediately following the fifth anniversary date that the student graduated high school, or the fifth anniversary date that the student's initial application was received by LASFAC (home study), or the fifth anniversary of the date the student graduated from a high school outside the U.S. and its territories.
Background Requirement	<ul style="list-style-type: none">■ Students must have no criminal conviction, except for misdemeanor traffic violations.■ If a student has been in the U.S. Armed Forces and has separated from such service, he must have received an honorable discharge or general discharge under honorable conditions.

Appendix D

Louisiana Office of Student Financial Assistance's Reponse



STATE OF LOUISIANA
OFFICE OF STUDENT FINANCIAL ASSISTANCE
P.O. BOX 91202 . BATON ROUGE, LA 70821-9202



M.J. "Mike" Foster, Jr.
GOVERNOR

(225) 922-1011
1-800-259-5626
FAX (225) 922-1089
www.osfa.state.la.us

October 9, 2002
02-454

Dr. Daniel G. Kyle
Legislative Auditor
Post Office Box 94937
Baton Rouge, Louisiana 70804

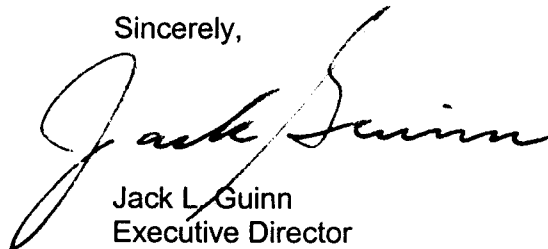
Re: Legislative Auditor's Performance Audit of the
Tuition Opportunity Program for Students (TOPS)

Dear Dr. Kyle:

Enclosed is the formal response from this office to the recommendations contained in the performance audit report relating to the Review of Student Eligibility for the Tuition Opportunity Program for Students (TOPS). Also included is a completed copy of the Checklist for Audit Recommendations.

Should you have questions concerning the response or require additional information, please call me at (225) 922-1023.

Sincerely,



Jack L. Guinn
Executive Director

Enclosure

JLG/GBE/csm

Office of the Legislative Auditor - Performance Audit Division
Checklist for Audit Recommendations

Instructions to audited agency: Please check the appropriate box below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

RECOMMENDATIONS)	AGREE	PARTIALLY AGREE	DISAGREE
Recommendation 1: LASFAC should ensure that Louisiana residency and criminal conviction eligibility requirements are completely verified.		X	
Recommendation 2: LASFAC should work with the Board of Elementary and Secondary Education (BESE) to create an alternative rule to hold high schools that incorrectly certify graduates accountable if LOSFA is not going to enforce its current rule requiring those schools to reimburse LASFAC for the amount of the TOPS award for those students.	X		
Recommendation 3: LASFAC should work with the Board of Elementary and Secondary Education (BESE) to require high school personnel, who are responsible for certifying TOPS students, to attend LOSFA's annual training and workshops.	X		
Recommendation 4: LOSFA auditors should develop a risk-based approach in selecting high schools to audit.	X		
Recommendation 5: LOSFA should compile a more accurate, complete and functional database to track student requests for exceptions to LASFAC. The current exceptions database does not clearly identify the current status of a request for exception, nor does it appear to be complete.	X		
Recommendation 6: LOSFA auditors should update high school audit reports based on the high school's written response to reflect the final disposition of the audit.	X		

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Recommendation 7: LOSFA should require high schools to respond to audit findings within the prescribed period.	X		
Recommendation 8: LOSFA should track the cost savings to the state realized from its audit findings, as well as the potential cost savings not realized (the dollar amount of funds that would not have been expended if an ineligible student had been identified earlier).	X		
Recommendation 9: LOSFA should ensure that it bases eligibility determinations on the cumulative grade point average of all classes a student attempted as required by state statute and program rules. LOSFA can accomplish this by implementing its plan to require colleges to submit information that would allow LOSFA to calculate the students' cumulative grade point average. This could also be accomplished by requiring colleges to submit student grade information on all classes in which a student received a grade, including grades from previous post secondary institutions.	X		
Recommendation 10: LOSFA should identify those colleges that manually collect grade information and review their processes in order to ensure the accuracy of the data that those institutions submit to LOSFA.	X		
Recommendation 11: When data files transmitted from colleges to LOSFA are found to contain errors that prevent automated processing, LOSFA should consistently provide the colleges with feedback concerning the nature of those errors as well as the remedy for them. This will ultimately improve both the accuracy of LOSFA's data as well as the efficiency of LOSFA's data collection processes.	X		
Recommendation 12: If LOSFA intends for non-academic and academic grades to not be combined when calculating cumulative GPA, they should amend their rules to clarify this issue.	X		
Recommendation 13: Since LOSFA's intentions in regards to the academic, non-academic issue (discussed in Recommendation 12) are not clearly stated in TOPS rules, they should clearly communicate any changes in rules to both colleges and students.	X		

LOUISIANA OFFICE OF STUDENT FINANCIAL ASSISTANCE

Response to Legislative Auditor's Report of Performance Audit TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)

REVIEW OF STUDENT ELIGIBILITY

October 9, 2002

Executive Summary

The Legislative Auditor's Report demonstrates that:

- The Louisiana Student Financial Assistance Commission (LASFAC) and the Louisiana Office of Student Financial Assistance (LOSFA) are effectively administering TOPS and have determined, to a reasonable degree of certainty, that students who meet all the eligibility requirements of TOPS are awarded and that those students who do not meet the requirements are not awarded.
- A high percentage of secondary schools make mistakes in certifying eligibility for TOPS Awards; however, the percentage of mistakes that cause a change in a student's award status is relatively low.
- LOSFA accurately calculates 100% of the data received; however, secondary and postsecondary schools do not always report to LOSFA the correct cumulative grade point average for some students, even though they are required by law and regulation to do so.
- Audits of secondary and postsecondary institutions conducted by LOSFA's auditors assure that mistakes in the reporting of students' courses and grades are corrected and that institutions are instructed in correct procedures.
- LOSFA has employed its federally funded infrastructure to minimize the state's cost of administering TOPS and to facilitate the TOPS award process.
- LOSFA has developed a software operating system that efficiently processes applicants, properly determines students eligible for the program and accurately accounts for funds awarded.
- LOSFA has also taken the initiative to develop electronic reporting mechanisms for the secondary and postsecondary institutions that will, when fully implemented, significantly reduce the number of mistakes made by those institutions.

Response to Legislative Auditor's Report of Performance Audit
TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)
October 9, 2002

INTRODUCTION

In the fall of 1999, LOSFA invited the Legislative Auditor to conduct a performance audit of the TOPS Program. LOSFA expressed a particular interest in ensuring that the operating system it had developed to administer TOPS had adequate edits and internal controls to properly account for awards and to determine student eligibility in accordance with law.

LOSFA expresses its appreciation to the Legislative Auditor and his staff for the nine months they have dedicated to learning TOPS from its statutory and regulatory requirements to the day-to-day administration of the program and particularly for their efforts to ensure the accuracy of the report. The openness and cooperativeness of the auditors facilitated a thorough review of the TOPS operating system.

Personnel and infrastructure funded by revenues from the agency's federal programs are allocated, as necessary, to ensure the state's largest and most important scholarship program is effectively administered and that the costs of the program to the state are minimized. Administrative costs funded by the state compared to total student awards is less than 1.5%.

Since inception of the program:

- The agency has received from high schools the certification of grades and core courses on 99,726 students. From these certifications, 86,353 students were determined eligible for the program, having met all statutory and regulatory requirements for an award.
- The agency has received 226,468 student grade/hour reports from postsecondary schools on students that were awarded TOPS.
- The agency has received a total of 326,194 student certifications from high schools and colleges, which were used to determine the eligibility of students for a program award or their eligibility to continue in the program, that resulted in awards being made to 57,101 students.

In order to accurately process the number of students involved, LOSFA developed operating software in-house to administer TOPS that is both efficient and cost-effective. The software, which has been enhanced over time to incorporate the changes made by 16 separate acts of the legislature, processed approximately 93.9% of 2001 award year program applicants without manual intervention. The software includes edits, reject codes, comment codes, error codes that check and evaluate each statutory requirement. There are approximately 12 data and/or edit requirements that are checked and validated during the initial eligibility program. These series of data checks and validations are run on each of the approximately 45,000 annual TOPS applications and vary not only by high school graduate, home study student, out of state graduate, military graduate, and/or out of country graduate, but also by award level.

LOSFA's audits of participating schools have promoted accountability and consistency in the application of LASFAC's rules. Besides ensuring that the errors made by schools are discovered and corrected, the results of the agency's audits provided much of the data necessary for the Legislative Auditor to publish this report.

Response to Legislative Auditor's Report of Performance Audit
TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)
October 9, 2002

Recommendation 1:

LASFAC should ensure that Louisiana residency and criminal conviction eligibility requirements are completely verified.

Response:

LOSFA can only agree with this recommendation under the assumption that time, cost and burden on applicants are not factors to be considered. LOSFA maintains that the checks currently in place are cost-effective and achieve a reasonable degree of certainty that an applicant for TOPS meets the residency and criminal conviction eligibility requirements contained in law.

Residency:

Dependent students and their parents must certify, under penalty of law, that they meet the 24 month residency period required to qualify the student for TOPS. Further corroboration of residency is provided by the student's mailing address, the location of the high school from which the student graduated, and the state that issued the student's driver's license (if any).

Although additional residency checks could be performed to provide a higher degree of assurance that the applicant has met the residency requirement, such checks would create additional administrative costs, increase the administrative burden placed on applicants and cause delays in determining the eligibility of applicants. Additional residency checks that could be imposed include: Requiring the applicant to submit proof of residency for the minimum period of 24 months; verifying with the Department of Revenue and/or the Department of Public Safety that tax records and/or drivers' licenses (assuming the family has had to file a tax return and the student has a driver's license) cover the required residency period. Even if these more costly and time-consuming processes were to be imposed on student applicants, complete verification of residency would not necessarily be achieved.

Current residency verification requirements include:

1. Each applicant must complete and sign a Free Application for Federal Student Aid (FAFSA), which requires the parents and/or the student to certify under penalty of law (false statements may result in a conviction and imprisonment and fines) their state of residency and the period of residency.
2. Residency is also checked using the high school code listed on the ACT or SAT report. A student will not be in LOSFA's ACT/SAT database unless the student listed a Louisiana high school or unless the student asked ACT/SAT to send their scores to LOSFA. If the student lists a Louisiana high school, that school will be asked to certify the student. If no high school is listed or if an out-of-state high school is listed, the student is contacted for the name and location of the high school from which the student graduated. Then LOSFA determines whether the school is eligible and, if so, contacts the school for the required information.
3. If there is any indication that the parents are not Louisiana residents, they are required to submit a notarized Affidavit of Residency with supporting documentation.

Response to Legislative Auditor's Report of Performance Audit TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)

October 9, 2002

LOSFA believes that the FAFSA, ACT and high school certification corroborate each other, creating a reasonable degree of certainty that the applicant meets the residency requirement and that the alternative of requiring each student to submit additional proof of residency would not be cost effective nor timely.

Criminal Conviction:

Applicants are required to certify, under penalty of law, that they have not been convicted of possessing or selling illegal drugs. Further, in the Students' Rights and Responsibilities Disclosure that accompanies award letters, students are informed that acceptance of the award is their certification that they do not have a criminal conviction. Upon graduation from high school (the time that applicants must apply for the program) records show that up to 51% of the applicants are juveniles, under the age of 18, and cannot have a criminal conviction unless they were tried as adults. Juvenile records are sealed and not available to the agency and, even if they were, the acts of a juvenile would not meet the statutory definition of criminal conviction.

LOSFA has investigated the possibility of using the Louisiana State Police (LSP) database to perform criminal records checks. LOSFA contacted the LSP lawyer that handles legal matters relating to criminal records maintained by LSP. This official made it clear that the State Police may release information only as authorized by statute, R.S. 15:575 et seq. Currently, R.S. 44:9 lists specific agencies to which LSP may release this information. Neither LASFAC nor LOSFA are included. In addition, this official:

1. Confirmed there is a database. LSP (criminal records) is the state central repository for criminal arrest/conviction information.
2. While ideally, all convictions (local, state & federal) in Louisiana would be maintained there, the haphazard way in which this information is obtained by local clerks of court and transmitted to LSP makes the database incomplete and inaccurate. The LSP goal is to have an electronic data dump from each clerk of court; however, there is no certainty when this will occur.
3. The database will generally not contain convictions from other jurisdictions. (Therefore, only those students arrested or convicted in Louisiana are included.)
4. The database contains mere arrests, as well as convictions, and the convictions need not be final (in the sense of all appeals having been exhausted). (Only final conviction may be used to disqualify an applicant. The exposure of the state to lawsuits for damages due to defamation and for bad publicity relying on incomplete, inaccurate and misleading information is not, in the opinion of LOSFA, worth the risk of using such information.)
5. LSP does not maintain juvenile convictions. With a few exceptions, most convictions for crimes committed before the age of 18 are juvenile convictions. For this reason, students who are not 18 at the time they graduate can be presumed to have no criminal convictions.

Louisiana Code of Criminal Procedure Articles 893 and 894 also present a problem. Under these articles, students can plead guilty, whereupon the court places them on probation. At the successful completion of probation, the students are entitled to post-conviction relief in the form of having the conviction set aside and having their record expunged. Students' convictions under these articles are not final and constitute the largest percentage of convictions.

Response to Legislative Auditor's Report of Performance Audit
TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)
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Recommendation 2:

LASFAC should work with the Board of Elementary and Secondary Education (BESE) to create an alternative rule to hold high schools that incorrectly certify graduates accountable if LOSFA is not going to enforce its current rule requiring those schools to reimburse LASFAC for the amount of the TOPS award for those students.

Response:

LOSFA agrees with the recommendation. Although LASFAC has promulgated the rule that requires a principal to certify that the school will make a reimbursement under these circumstances, the LASFAC has directed LOSFA not to implement the reimbursement provision because the rule is not supported in the TOPS statute, the rule is vague, and the rule does not include language making reimbursement mandatory (note that the rule only requires a certification – there is no reimbursement requirement).

TOPS has paid out over \$313 million in awards. From the inception of the program, LOSFA's auditors have audited about one half the eligible schools. Based on these audits, approximately \$73,000 has been expended for students who were ineligible. This represents only 0.023 percent of the total amount awarded.

High school personnel have an incentive to report correctly. In our litigious society, dissatisfied parents are not slow to sue schools and school officials when they believe their children are not being treated fairly. LOSFA believes that high schools intend to accurately report data, because it is the right thing to do, because of intense parental interest and because of LOSFA's oversight in the form of audits. LOSFA believes that new incentives that encourage accurate reporting must not result in penalizing eligible students.

For the period August 1998 through June 2002, the eligibility and status changes from the high school audits are as follows:

FY	Eligibility		Status		Total
	Gain	Loss	Increase	Decrease	
1998/99	33	36	10	4	83
1999/00	6	16	3	9	34
2000/01	3	11	5	3	22
2001/02	3	10	18	16	47
	45	73	36	32	186

Although 73 students lost eligibility, 45 gained eligibility, resulting in a net loss of 28 awards.

Response to Legislative Auditor's Report of Performance Audit
TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)
October 9, 2002

Effective with the high school graduating class of 2003, the law requires a student's grade point average (GPA) to be calculated on grades received on the core courses required to qualify for TOPS. This change would have severely burdened high schools, requiring them to compute a unique GPA for each student that applied for TOPS. For this reason, and to improve the accuracy and consistency in calculating student GPA's, LOSFA will compute a TOPS GPA for graduates of 2003 and years thereafter. To accomplish this change, high schools will begin electronically reporting student transcripts to the State Department of Education, and that agency will, in turn, provide LOSFA the course and grade data needed to qualify applicants for TOPS.

Recommendation 3:

LASFAC should work with the Board of Elementary and Secondary Education (BESE) to require high school personnel, who are responsible for certifying TOPS students, to attend LOSFA's annual training and workshops.

Response:

LOSFA agrees that educating high school personnel about their responsibilities to students and the TOPS program is essential. The agency will continue to encourage BESE, as well as local school boards, to require attendance at training workshops.

Recommendation 4:

LOSFA auditors should develop a risk-based approach in selecting high schools to audit.

Response:

LOSFA agrees that risk-based selection of high schools for audit is desirable. Many of the audits to date have been conducted on this basis. Generally, priority of audits was assigned to schools that had a large number of students qualifying for TOPS and those at which LOSFA's investigation of student complaints revealed errors in certification.

Recommendation 5:

LOSFA should compile a more accurate, complete and functional database to track student requests for exceptions to LASFAC. The current exceptions database does not clearly identify the current status of a request for exception, nor does it appear to be complete.

Response:

LOSFA agrees that its current "exceptions" database could be made more useful and accurate. LOSFA is adding queries and reports to the TOPS Exceptions database program, created in Microsoft Access, to increase its utility in tracking requests and assigning appropriate status codes, as well as decreasing the time elapsed between the student's request and notification of committee or LASFAC action. Additionally, LOSFA is converting a Word Perfect file, which was the first generation compilation of exception requests, into the current database.

Response to Legislative Auditor's Report of Performance Audit
TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)
October 9, 2002

Once decisions were rendered on student requests, students were notified and updates made to the student's TOPS file on a timely basis. The shortcoming referenced in the audit report has been in uploading data from an earlier database to the new Access file. The "exceptions" file provided to the Legislative auditors was an early version of the new Access database that did not incorporate the original Word Perfect file.

Recommendation 6:

LOSFA auditors should update high school audit reports based on the high school's written response to reflect the final disposition of the audit.

Response:

LOSFA agrees with the recommendation and has amended its audit procedures to reflect that the initial report will not become final until the school responds or the deadline for submission of a response passes without response. Responses received prior to the deadline will become part of the report.

Recommendation 7:

LOSFA should require high schools to respond to audit findings within the prescribed period.

Response:

LOSFA requires the schools to respond within 20 days. However, LOSFA has allowed some high schools additional time. In the past, LOSFA advised schools that if their response was not received within 20 days, LOSFA considered the lack of response an agreement with the findings and the audit was closed. LOSFA has reinstated this practice.

A review of all audits indicates, that in those cases where a school submitted a late response or no response, no payment was made for any student found ineligible during the audit.

Recommendation 8:

LOSFA should track the cost savings to the state realized from its audit findings, as well as the potential cost savings not realized (the dollar amount of funds that would not have been expended if an ineligible student had been identified earlier).

Response:

LOSFA agrees. The state may realize a cost savings from some audit findings and there may be cost savings not realized if an audit is not performed. The high school audit tracking worksheets will be updated to capture the cost savings (realized and potential, had we been able to audit sooner). LOSFA suggests reporting the actual dollar savings on the General Performance Table of the Executive Budget Supporting Document. This table is used to display actual information for past years.

Response to Legislative Auditor's Report of Performance Audit
TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)
October 9, 2002

Note that not all changes occasioned by audits result in a cost savings. In fact, making students eligible and increasing award levels increases the cost to the state.

Recommendation 9:

LOSFA should ensure that it bases eligibility determinations on the cumulative grade point average of all classes a student attempted as required by state statute and program rules. LOSFA can accomplish this by implementing its plan to require colleges to submit information that would allow LOSFA to calculate the students' cumulative grade point average. This could also be accomplished by requiring colleges to submit student grade information on all classes in which a student received a grade, including grades from previous post secondary institutions.

Response:

LOSFA agrees with the recommendation. LOSFA has calculated 100% of college grade point averages correctly, based on the data submitted by the colleges. Clearly, some colleges have submitted some data that is incorrect. For this reason, LASFAC amended its rules to require colleges to report hours attempted, hours earned and quality points commencing with the grades for the fall semester of 2002. Such data will enable LOSFA to compute the correct grades for each student. LOSFA's auditors will continue to perform audits at the colleges to ensure that the new data is correct.

Note that LASFAC does require colleges to submit student grade information on all classes in which a student received a grade, including grades from previous post secondary institutions. Unfortunately, not all colleges have complied with this requirement. However, to preclude an adverse impact on the continuing eligibility of students from schools that failed to do so, LOSFA manually included and computed grades from all previous institutions for these students. This is one of the primary reasons LASFAC amended its rules to change the reporting requirements.

Recommendation 10:

LOSFA should identify those colleges that manually collect grade information and review their processes in order to ensure the accuracy of the data that those institutions submit to LOSFA.

Response:

LOSFA agrees with the recommendation. LOSFA is aware that smaller institutions experience difficulty reporting accurate academic information because they are dealing with a small number of students and report on a sporadic basis. For this reason, LOSFA has included a review of academic information in the Program Review audits.

Currently, LOSFA provides guidance to these institutions through the agency web site, bulletins, classes and seminars. In addition, LOSFA's audits of the institutions play an important role by reviewing their processes and ensuring that accurate data is submitted to LOSFA.

Response to Legislative Auditor's Report of Performance Audit
TUITION OPPORTUNITY PROGRAM FOR STUDENTS (TOPS)
October 9, 2002

LOSFA anticipates that a combination of factors will result in more accurate reporting. The new TOPS requirement to report academic information (hours attempted, hours earned and quality points) will force most colleges to automate academic information collection and transmission. Louisiana Technical College (LTC) campuses have recently converted from four terms to three semesters and from a mix of clock and credit hour classes to a credit hour based system. In addition, the LTC system is converting to a standard integrated software program for recording grades that will facilitate accurate reporting to LOSFA.

Recommendation 11:

When data files transmitted from colleges to LOSFA are found to contain errors that prevent automated processing, LOSFA should consistently provide the colleges with feedback concerning the nature of those errors as well as the remedy for them. This will ultimately improve both the accuracy of LOSFA's data as well as the efficiency of LOSFA's data collection processes.

Response:

LOSFA has recognized this problem and has included options for institutions to download Grades Accepted and Grades Rejected Files from the agency's web site. The Grades Rejected File will include a 30 space message to guide the institution in making corrections to the rejected file.

Recommendation 12:

If LOSFA intends for non-academic and academic grades to not be combined when calculating cumulative GPA, they should amend their rules to clarify this issue.

Response:

LOSFA agrees that the rules should be amended to specifically state that grades for non-academic courses may not be combined with academic grades.

Recommendation 13:

Since LOSFA's intentions in regards to the academic, non-academic issue (discussed in Recommendation 12) are not clearly stated in TOPS rules, they should clearly communicate any changes in rules to both colleges and students.

Response:

LOSFA agrees that eligibility requirements should be clear and communicated to both colleges and students. LASFAC's rules are promulgated in accordance with the Administrative Procedure Act and are available on the agency web site. Schools are sent an official TOPS Bulletin notifying them of the changes.